

Weekly Economic Bulletin

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News Feature

Share of goods exports rises to 17.7% of GDP

Despite a slowdown in global demand for goods, the share of India's merchandise exports has increased to 17.7 per cent in 2011-12 from 13.9 per cent in 2009-10. In a written reply to the Rajya Sabha, Minister of State for Commerce and Industry D. Purandeswari said there has been a continuous upward movement of percentage share of merchandise exports in the overall GDP of India which showed that it played an important role in the economic development of the country.

The percentage share of merchandise exports in the overall GDP of India from increased from 13.9 per cent in 2009-10 to 16 per cent in 2010-11 and 17.7 per cent in 2011-12, she said. The Minister also pointed out that as per WTO trade statistics, India's share in the total global exports has also been increasing since 2007. "The long-term vision of the Government is to make India a major player in world trade and assume a role of leadership in international trade organisations commensurate with India's growing importance," Purandeswari said.

<http://www.thehindubusinessline.com/todays-paper/tp-economy/share-of-goods-exports-rises-to-177-of-gdp/article4482707.ece>

Economic slowdown is bottoming out: Government

Describing the 2.4 per cent industrial growth in February as bottoming out of the downturn, government hoped economic indicators would look up in the coming months.

"IIP figure is encouraging. But we have to do more, both on exports and industrial manufacturing. We feel the downturn is bottoming out," Industry Minister Anand Sharma said, while commenting on the industrial output numbers.

The IIP numbers for January suggested some recovery with the growth rate inching up to 2.4 per cent, against 1 per cent in the corresponding month a year ago. The growth rate was in the negative in November and December.

"The turnaround is very good. I would not call it strong growth but it does bear out that the economy has bottomed out. I would hope that

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subsequent months will show more robust growth ... It suggests that the bottoming out is over and we are hopefully getting back," said Planning Commission Deputy Chairman Montek Singh Ahluwalia.

Finance Ministry, however, said there is a scope for easing of monetary policy to boost growth in view of moderation in WPI-based inflation.

"Inflation numbers have also come down so there is certainly a case for (giving) further impulses for growth," DEA Secretary Arvind Mayaram said. The WPI inflation in January stood at 6.62 per cent.

RBI is scheduled to announce its mid-quarter review of monetary policy on March 19 and there is widespread expectation that the central bank will cut policy rates to boost growth.

Reacting to IIP numbers, he said there were signs that economic slowdown is bottoming out.

The economic growth rate, it may be mentioned, fell to a decade low of 4.5 per cent in December quarter. The CSO has estimated the growth rate for the current fiscal at 5 per cent.

<http://economictimes.indiatimes.com/news/economy/indicators/economic-slowdown-is-bottoming-out-government/articleshow/18933852.cms>

India has all requirements to return to 8 pc growth: Montek Singh Ahluwalia

India has all the requirements to return to a GDP growth rate of 8 per cent in the coming years, Deputy Chairman of the Planning Commission Montek Singh Ahluwalia said, while highlighting that current account deficit is a big problem right now.

"India has averaged 7.5 per cent growth in the last 10 years. It should have done that for 15 years but it is possible to bring it back to the average performance of the last decade. The target for 2013-14 is 6.5-7 per cent and then accelerate further. India has all the requirements to return to 8 per cent, even if it is later than expected," he told a gathering of students and academics at Oxford University.

"A little over 5 per cent is a slowing down but the whole world is experiencing a slowing of growth. It is a worry because we expect much more but it is not as big a disaster as the media makes it out to be. Growth is important but that



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growth has to be inclusive and sustainable," Ahluwalia said last evening.

India's leading economic strategist also stressed that the pace of poverty reduction in the country was within the target set by the government.

"It is clear that the government knows how to get growth going but there is a perception that we lag behind on inclusiveness. It is something the government takes very seriously and latest data indicates that the pace of poverty reduction has increased. The extreme view that the rich are getting richer and the poor, poorer, is nonsense. There is a lot of good news in terms of the pattern of growth being more inclusive," he said.

The former alumnus of the University of Oxford,

who was invited by the Blavatnik School of Government to speak about 'India's Challenges Ahead', was in the UK on his way back from the G-20 Sherpas Meeting in Moscow.

"The state of the world economy is a challenge. The focus of government policy is to re-assure foreign investors that India is wide open for business. India has the human resources in place and an expanding private sector. The only problem is the current account deficit. But the global financial system appears to be stabilising and the most important message is that India is a good bet for foreign investment and that message is getting across," he said.

<http://economictimes.indiatimes.com/news/economy/indicators/india-has-all-requirements-to-return-to-8-pc-growth-montek-singh-ahluwalia/articleshow/18843905.cms>

Overseas Investment

FII's pump over Rs 1,400 cr in stocks in first week of March

Overseas investors have pumped in more than Rs 1,400 crore (\$254 million) in the Indian stock market in the first week of March.

This takes their total investment tally to Rs

47,909 crore (\$8.88 billion) in the country's equity market in calendar year 2013 so far.

During March 1-8, Foreign Institutional Investors (FIIs) were gross buyers of shares worth Rs 24,206 crore, while they sold equities amounting to Rs 22,795 crore, translating to a net investment of Rs 1,411 crore (\$254 million),

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as per data provided by market regulator Sebi.

"FIIs continued to be bullish on Indian equities and heavily invested in Sensex and Nifty companies. We expect this inflow would continue in the coming months as well because Finance Minister P Chidambaram has hinted that he would take reform initiatives in the Parliament session," CNI Research CMD Kishor Ostwal said.

Another market analyst, however, said the country's economic growth and instability in rupee are the major concerns for foreign investors.

In a move to attract more foreign investment into the Indian equity market, the Finance Minister has proposed to strengthen Sebi and cut the securities transaction tax, which would bring down overall costs for investors.

wooing overseas investors, he said Sebi would simplify the procedures and prescribe uniform registration norms for foreign portfolio investors.

It seems that FIIs are preferring debt route over equity, as they have infused Rs 3,184 crore (\$585 million) in the bond market in March 1-8 period. This takes the overall net investments

by FIIs into debt markets to Rs 10,132 crore (\$1.87 billion) so far in 2013.

FIIs bought equities worth \$24.4 billion in 2012.

As on March 8, the number of registered FIIs in the country stood at 1,756 and total number of sub-accounts was 6,337.

http://www.business-standard.com/article/companies/fiis-pump-over-rs-1-400-cr-in-stocks-in-first-week-of-march-113031000059_1.html

FIPB to consider 26 FDI proposals

The Finance Ministry will consider 26 proposals of foreign direct investment (FDI), including that of Punj Lloyd and Pipavav Defence and Offshore Engineering Company.

The proposals are listed on the agenda of the 189th meeting of Foreign Investment Promotion Board (FIPB). The meeting will be headed by Department of Economic Affairs (DEA) Secretary Arvind Mayaram, an official said.

Six of the FDI applications, including that of Tamil Nadu based SIDD Life Sciences and Mumbai-based Sanofi-Synthelabo (India), to be taken up the Board this week are related with



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pharma sector, an official said.

Other FDI proposals that are scheduled to be considered include that of Muthoot Finance Ltd (Kerala), Euronet Services India Pvt Ltd, Asia Net Communication and Srei Infrastructure Finance Ltd.

The FIPB had earlier also taken up the applications of Punj Lloyd and Pipavav Defence and Offshore Engineering Company, but had deferred decision.

India allows FDI in most of the sectors through automatic route, but FIPB clearance is required in certain sensitive sectors.

For the April-December period of 2012-13, the inflows have declined by about 42% to \$16.94 billion.

Sectors which received large FDI inflows during the nine months of the current fiscal include

services, hotel and tourism, metallurgical, construction and automobiles.

India received maximum FDI from Mauritius, followed by Japan, Singapore, the Netherlands and the UK.

The government has been liberalising foreign investment policy with an aim to attract maximum FDI in the country.

Also, in Budget, the government has proposed to follow the international practice with regard to defining FDI and foreign institutional investors (FII) to remove the ambiguity in making distinction between the two types of investments.

http://www.business-standard.com/article/economy-policy/fipb-to-consider-26-fdi-proposals-on-wednesday-113031000146_1.html

Trade News

Australia, India committed to comprehensive economic treaty

India and Australia are "greatly committed" towards a Comprehensive Economic

Cooperation Agreement that will benefit both the countries, a top Australian official said.

Australian High Commissioner to India Patrick Suckling said four rounds of negotiations had been held between the two countries on this

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agreement with the negotiators scheduled to meet for the fifth round scheduled this May.

"There is a great commitment at the political levels in India and Australia for the Australia-India Comprehensive Economic Cooperation Agreement," he said at the 23rd Annual Day of Indo-Australian Chamber of Commerce.

Suckling said the "high quality, competitive agreement" will benefit both the countries, even as he noted that bilateral trade, which was at over AU\$20 billion, will go up a "lot higher the scale in couple of decades".

The business relations, which cover areas including energy and mining sectors, will be a "win-win situation" for both the countries even as India was likely to double its coal import from Australia from the present AU\$100 mn, he said.

Besides, Canberra was also looking at New Delhi to engage it more in strategic partnership, especially on the maritime security front, Suckling said.

Defence Minister A K Antony, Finance Minister P Chidambaram and HRD Minister Kapil Sibal are scheduled to fly Down Under as part of official engagement in coming months, he said, adding that this showed the countries has

"good, two-way relationship".

http://articles.economictimes.indiatimes.com/2013-03-11/news/37623893_1_australian-high-commissioner-attacks-on-indian-students-india-and-australia

Saudi Arabia, AP to boost bilateral trade

Andhra Pradesh Chief Minister N. Kiran Kumar Reddy assured visiting Saudi delegation that the Government will extend all incentives and facilities to industrialists from Saudi Arabia.

The delegation included Abdul Rahman A.Al Rabuah of Alrabiah Consulting & Engg Services, Saudi Arabia, Tariq Mohammed Al Wabil, CEO, Alwabil, Nader Abu Eyta, Group Managing Director, Abueyta, Manas Gulf Group, Zaher S.Al-Munajjed, CBM Consultants for Business and Management among others.

The delegation gave a power-point presentation before the Chief Minister regarding the key economic factors and economic growth of Saudi Arabia and wanted the investments between the two to grow. The visiting team explained various business and investment opportunities in petro-chemical exports, agricultural expansion, gas production, telecom and IT

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sectors back home.

The Chief Minister said Andhra Pradesh provides immense opportunities in the areas of petro-chemicals, bulk drugs, pharmaceuticals, IT, BT, mining sectors for the Saudi investors and industrialists.

He said the State provides a number of investment incentives such as initial tax holiday, reimbursement of VAT, lowest power tariff and good infrastructure.

The Saudi delegation invited the Chief Minister along with industrialists from Andhra Pradesh to visit Saudi Arabia.

<http://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/saudi-arabia-ap-to-boost-bilateral-trade/article4479891.ece>

India is one of the top ten destinations for Italian investments: Daniele Mancini

Daniele Mancini, ambassador of Italy to India, has observed that according to National Exports Plan of Italy, a 150 billion-euro export market would be explored by the country and India is one of the top ten important destinations for Italian investments. While speaking about Indo-Italian trade prospects at Bharat Chamber of

Commerce in Kolkata recently, Mancini stated that by 2015, trade volume with India will increase to 15 billion euros.

Infrastructure being a thrust area, Italian investors are not only exploring the first class cities of India, but also looking at Tier II and III cities in this country.

Various joint venture proposals have been sanctioned by the Italian government which aims to promote business in both India and Italy, with regular exchanges of delegations. SMEs being the important drivers of growth for India, he offered support of Italian experts for boosting skills and technology in India. He observed that SMEs instead of large corporations should be focused at to generate SME clusters which would eventually form SME districts.

He also observed that besides traditional industries, agro-food machineries, energy-efficient technologies and hitech technologies are important components for exports. To promote investments in and assistance to Indian industry, a special 'Desk -- Italia' has been established.

Dwelling on the Italian economy, he said more jobs have been created in Italy in public

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administration and export-driven sectors. Italy, thus, aims at promoting Indo-Italian dialogue between trade institutions and the private sector for overall reforms and development of trade and industry.

Both countries are rich in cultural heritage. In this context, he observed that there is an urgent need to promote Indian languages in Italy and vice-versa for better exchange and cooperation. He assured that he would work closely with Indian industries for close economic cooperation between India and Italy.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-is-one-of-the-top-ten-destinations-for-italian-investments-daniele-mancini/articleshow/18898215.cms>

Macau roadshow to attract Indian travellers

The Macau Government Tourist Office (MGTO) in India held a roadshow here to serve as a promotional platform for travel and trade partners and to create awareness about the tourist destinations in the former Portuguese colony.

The roadshow giving an overview of the

booming tourism industry in Macau brought together leading travel and tour operators of Kolkata to interact with MGTO representatives in B2B sessions.

This year, besides promoting its heritage sites and other attractions, Macau will continue to focus its efforts on business tourism initiatives.

MGTO (India) has been expanding its tourism products to diversify its source market profile, and will leverage its recently launched Wedding Incentive Scheme and Student Excursion Incentive Scheme to boost visitor arrival figures.

Macau tourism sources said Macau posted about 1,51,000 visitor arrivals from India in 2012.

"It is a direct result of Macau (India)'s marketing and promotional efforts for the Indian market. In 2013, we expect to capture a bigger market share of outbound tourists from key tourist markets like Kolkata," they said.

They said that Macau (India) would leverage Macau's unique blend of cultural heritage, competitiveness and its cost effective offerings to encourage more visitors and organisations to choose Macau as a destination for wedding tourism.

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<http://economictimes.indiatimes.com/news/economy/foreign-trade/macau-roadshow-to-attract-indian-travellers/articleshow/18863276.cms>

India, Bhutan ink \$100 mn currency swap agreement

India and Bhutan signed a currency swap agreement for up to \$ 100 million to further economic co-operation between the two countries.

The currency swap arrangement was signed between the Reserve Bank of India (RBI) and the Royal Monetary Authority of Bhutan (RMAB).

It enables RMAB to make withdrawals of US dollar, Euro or Indian rupee in multiple tranches up to a maximum of \$ 100 million or its equivalent.

"The swap agreement is intended to provide a backstop line of funding for the SAARC member countries to meet any balance of payments and liquidity crisis till longer term arrangements are made or if there is need for short term liquidity due to market turbulence," RBI said in a statement.

The arrangement would be for a three-year period and would help bring financial stability in the region.

In May 2012, RBI had announced it would offer swap facilities aggregating \$ 2 billion, both in foreign currency and Indian Rupee, to SAARC member countries -- Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-bhutan-ink-100-mn-currency-swap-agreement/articleshow/18862453.cms>

India, US to ink accord to strengthen aviation security

India and the US will soon sign an information sharing agreement to strengthen aviation security in both the countries, a senior Civil Aviation Ministry official said.

"The draft is ready and once it is approved by the Indian authorities and the Cabinet, the governments of India and the US would sign the secret security information sharing agreement," said Anil Srivastava, Joint Secretary in the Ministry of Civil Aviation, on the sidelines of US-India Aviation Security Workshop.

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The agreement would cover a large spectrum of civil aviation security, he said, adding Transportation Security Authority of the US would be sharing information in areas including individuals, systems, technology and equipments with India.

Earlier, addressing the inaugural session of the workshop, he said security has become a challenge due to technological advancement as undesirable people were finding ways to evade security arrangements.

He said India, in cooperation with global partners, been implementing various cooperation programmes in the field of aviation security.

Henry Steingass, Regional Director for South and Southeast Asia of US Trade and Development Agency (USTDA), while addressing the two-day workshop, said, "India and the US share common goals for effective security in

both domestic and international aviation arenas."

He said Indian aviation sector continues to hold immense potential for growth.

"India is the founding member of International Civil Aviation Organisation (ICAO) and like the US, plays a key role in implementing important aviation security provisions regionally and globally," Steingass said.

The workshop, which is part of the US-India Aviation Cooperation programme, would focus on measures to expedite passengers screening and enhance customer service, integration of human security manpower and technology and current and future risk-based security programmes in the US and India.

http://www.business-standard.com/article/current-affairs/india-us-to-ink-agreement-to-strengthen-aviation-security-113030500165_1.html

Sectoral News

India's exports grow by 4.25 per cent in February

Growing for the second straight month, India's exports rose by 4.25 per cent to USD 26.26 billion in February.

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In February 2012, the overseas shipments stood at USD 25.19 billion. "Europe is performing better, there is a slight improvement in demand," Commerce Secretary S R Rao told.

Exporting sectors which performed well include engineering goods, textiles, rice, oil meals, pharmaceutical and chemicals.

Imports also rose by 2.6 per cent to USD 41.1 billion in the month under review, leaving a trade deficit of USD 14.92 billion.

However, during the April-February period of financial year 2012-13, the country's overseas shipments declined by 4 per cent to USD 265.95 billion.

Imports during the 11-month period grew by a mere 0.25 per cent to USD 448 billion, leaving a trade deficit of USD 182.1 billion.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/indias-exports-grow-by-4-25-per-cent-in-february/articleshow/18904973.cms>

SEZ exports grew 35.3% in quarter ending December

Export from special economic zones (SEZ) grew 35.34% at Rs 3,53,195 crore during the third

quarter of the financial year against the corresponding quarter of the last fiscal, according to a data released by the Export Promotion Council for EOUs and SEZs (EPCES).

Investments worth Rs 2,39,000 crore have been made in the SEZs generating employment to 10.20 lakh persons as on December 31, 2012, EPCES data stated. The government has granted formal approvals to 577 SEZs. So far 385 SEZs have been notified while 166 are in complete operation.

"SEZ operators have been expecting abolition of MAT (minimum alternate tax) or at least to reduce the rate to 7.5% in order to motivate the non-operational SEZs to operationalize their SEZs and by bring in the projected investment. It was disappointed to note that no such initiative is found in the Budget," said PC Nambiar, chairman, EPCES.

However, Nambiar added that some relief for the SEZ developers and units might be announced with the passing of the Finance Bill. SEZs and EOUs (export-oriented units) constitute one-third of the country's total merchandise exports.

Under Section 10AA of the Income Tax Act, SEZ units get 100% income tax exemption on export

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income or first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.

The body is expecting some measures to be unveiled during the upcoming Foreign Trade Policy.

http://www.business-standard.com/article/economy-policy/sez-exports-grew-35-3-in-quarter-ending-december-113030500468_1.html

Govt keen on promoting micro, small units

Andhra Pradesh Government is keen on promoting micro, small and medium enterprises (MSMEs), according to Minister of Major Industries J. Geetha Reddy.

In her inaugural address at a bankers' conclave on the MSME sector organised by the Federation of Andhra Pradesh Chambers of Commerce and Industries, she said Government would consider allotment of land to such clusters on a proactive basis.

There were about 1.8 lakh SMEs in the State employing a capital of Rs 33,900 crore and providing jobs to close to two lakh people, she said.

However, many MSMEs did not have enough understanding on the financial institutions and credit availability. "There is a need for conducting awareness campaigns to improve awareness," the Minister said.

In his keynote address, Sanjaya Baru, Director, International Institute for Strategic Studies, said there was a need for collaboration between small and medium enterprises and financial institutions.

"It should be a day-to-day interaction to ensure that small businesses are on a firm financial footing," he said in his address. Small and medium enterprises should focus on finance, technology and efficiency to reduce the mortality rate, he said.

The MSMEs should try to stand on their own after a period of time without fear of losing the initial concessions, he added.

Banks should extend finance to smaller units on a competitive basis but not due to Government intervention, Baru said.

Devendra Surana, President, Fapcci, said the power supply situation in the State was "very bad" causing lot of trouble to the industry.

The MSME sector should be strengthened, he

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added.

<http://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/govt-keen-on-promoting-micro-small-units/article4494919.ece>

Rice exports set to cross 10 mt this fiscal

Rice exports are set to cross 10 million tonnes in the current financial year on robust demand from West Asia, Africa and South-East Asian countries. Last year, the total rice exports stood at 7.3 million tonnes.

“Till January-end, the total shipments stood at 8.2 mt. We will exceed 10 mt by March 31,” said R. Sundaresan, Executive Director, at the All India Rice Exporters Association.

Basmati shipments, which have gained momentum in the past two months on rising demand from Iran, would cross 3.5 mt over the last year’s 3.21 mt.

Till January-end, the exports stood at 2.8 mt. Iran is the largest buyer of Indian basmati rice and accounts for close to 30 per cent of the country’s shipments.

In value terms, the basmati exports may cross Rs 17,000 crore on better realisations. Last year, the basmati exports stood at Rs 15,450 crore.

The average realisations are up by about 20 per cent at around \$1,200 a tonne against last year’s \$1,000 a tonne, Sundaresan said.

Besides, the depreciating currency, which has made the Indian rice competitive in the world market, has boosted the rupee-term realisations.

The non-basmati rice shipments are expected to register an increase of 58 per cent at around 6.5 mt against last year’s 4.09 mt. This is mainly on account of huge demand from African countries such as Nigeria and Ghana and also from Indonesia. The average realisations for non-basmati rice are around \$400 a tonne.

“The overall growth in shipments is good, but the non-basmati rice continues to fetch a lower price than our competitors. There is a need to create awareness on our quality,” said Vijay Setia, Director at Chamanlal Setia Exports Ltd, Amritsar-based exporter.

The growth in rice export volumes is expected to help India retain the top slot as the world’s largest exporter. Last year, India had emerged as the world’s largest exporter displacing Thailand.

“The consistent production of over 100 mt of rice in the past four years has helped us boost



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our exports. About 80 per cent of our non-basmati shipments have been to Africa, where we compete heavily with the parboiled variety from Thailand," said S. Venkatesh, Head of International Trade at LT Foods Ltd. India had lifted the four-year ban on exports of non-basmati rice in September 2011.

<http://www.thehindubusinessline.com/todays-paper/tp-agri-biz-and-commodity/rice-exports-set-to-cross-10-mt-this-fiscal/article4494852.ece>

Cotton textile exports to grow to \$9.56 bn in FY13: Texprocil

Cotton textile exports are expected to grow by 9 per cent at USD 9.56 billion in the current fiscal as against USD 8.42 billion in the previous year despite adverse market conditions in key markets of the US and European Union, an industry body said.

"Cotton textiles are amongst the select few items in the textile and clothing basket that have shown positive growth in exports during the current fiscal (2012-13).

"Current trends in exports indicate it will surpass the target of USD 9 billion set for the sector and reach USD 9.56 billion," Manikam

Ramaswami, Chairman of Cotton Textiles Export Promotion Council (Texprocil), told.

The yarn export is estimated to grow at 8 per cent, fabrics 9 per cent and home textiles 10 per cent in FY 13.

The council has set up higher cotton textile exports target of 20 per cent in FY14, he said, adding the industry needs to maintain momentum by ensuring raw materials are available at international prices to Indian manufacturers.

The textile industry seems to have fully recovered from the losses it incurred in the previous years when there was a severe volatility in the national and international markets. The Budget for 2013-14 has given a push for modernisation and expansion of the industry, he said.

The industry is looking at expanding exports to Japan and South Korea, who offer zero import duty, and Australia, with which India is expected to sign a Free Trade Agreement, Ramaswami said.

Texprocil has asked the Centre to request Cotton Corporation of India (CCI) and NAFED to start selling their large inventory to remove the artificial shortage and restore international

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price parity which is important to help maintain export momentum, he said.

http://articles.economictimes.indiatimes.com/2013-03-08/news/37561569_1_cotton-textile-exports-surplus-cotton-domestic-cotton-prices

Per capita availability of foodgrains up by 6 per cent in 2011: Government

The per capita availability of foodgrains increased to 462.9 grams per day in 2011 from 437.1 grams per day in the previous year, Parliament was informed.

"The per capita net availability of foodgrains was 444 grams per day in 2009, 437.1 grams per day in 2010 and 462.9 grams per day in 2011," Agriculture Minister Sharad Pawar said in a written reply in Rajya Sabha.

The production of foodgrains has increased to record 259.32 million tonnes in 2011-12 crop year (July-June) from 244.49 million tonnes in the previous year.

In 2009-10 crop year, foodgrains production stood at 218.11 million tonnes. Rice, wheat, coarse cereals and pulses fall under foodgrains category.

<http://economictimes.indiatimes.com/news/economy/indicators/per-capita-availability-of-foodgrains-up-by-6-per-cent-in-2011-government/articleshow/18863613.cms>

IT-ITES exports up 23% at Rs 4 lakh cr in FY13:Govt

India's IT-ITES exports are estimated to have risen by 23.4% at about Rs 4.11 lakh crore in the current fiscal, Parliament was informed.

India's IT-Information Technology Enabled Services (IT-ITES) exports stood at about Rs 3.32 lakh crore in the 2011-12 fiscal, Minister of State for Communications and IT Milind Deora said in a written reply to the Lok Sabha.

In dollar terms, exports are estimated to be up 10.2%, to about \$75.8 billion in 2012-13, from about \$68.8 billion in 2011-12, he added.

"As per Nasscom, the global technology spend has recorded a growth of 4.8%. However, the Indian IT-ITES industry is estimated to achieve double-digit growth during 2012-13 fiscal," the minister said.

The software and allied services' industry body Nasscom had predicted growth in the sector to be between 11-14% on account of the economic uncertainty in 2012-13.

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The government in the National Policy on Information Technology (NPIT) 2012 envisages to increase IT industry revenues, through exports as well as the domestic market, from \$100 billion to \$300 billion by 2020, he added.

"The vision of the policy is to strengthen and enhance India's position as the global IT hub

and to use IT and cyberspace as an engine for rapid, inclusive and substantial growth in the national economy," Deora said.

http://www.business-standard.com/article/companies/it-ites-exports-up-23-at-rs-4-lakh-cr-in-fy13-govt-113030600438_1.html

News Round-Up

Indian economy expands more than China in February: HSBC

India expanded at a faster rate than China in February even as emerging market economies witnessed a moderation in economic growth, an HSBC survey said.

The HSBC Emerging Markets Index (EMI), a monthly indicator derived from the PMI surveys, fell from 53.8 in January to 52.3 in February. This is the lowest figure since August 2012 and indicated a moderation in economic growth in global emerging markets.

During February, the HSBC composite index for India, which maps both manufacturing and services sectors, stood at 54.8, whereas for China it was 51.4.

An index measure of above 50 indicates expansion. Among the largest economies covered, growth rates slowed in China, India and Brazil in February, but India expanded more than China.

"Emerging Market economies continued to expand in February but the pace of growth lost steam. The slowdown appears to be broad-based across manufacturing and services, with BRIC activity moderating after a promising start to the new year," HSBC Chief Economist, Central and Eastern Europe and Sub-Saharan Africa Murat Ulgen said.

All four BRIC economies -- Brazil, Russia, India and China -- registered slower increases in new business since January. Moreover, employment also rose at the weakest rate in three months,



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HSBC said.

The February EMI report suggests that there has been a softening in new orders across the BRIC economies and particularly for new export orders in manufacturing industry.

"The fall in the index shows that for now growth is still the big issue for emerging markets and that for many economies, inflation is set to remain a secondary issue," Ulgen said.

Going ahead there can be two possibilities Ulgen said -- either the emerging markets will "wobble along", buffeted by worries in the developed world or the current slowdown will prove "temporary".

"For now, we lean towards the second scenario," Ulgen said wherein "the current slowdown will prove temporary as the inventory cycle works its way through and improved underlying fundamentals bring back the days of strong growth".

Meanwhile, business expectation for the next 12 months continue to be robust.

The HSBC Emerging Markets Future Output Index that tracks firms' expectations for activity in 12 months' time rose for the second month running in February, the report said.

http://articles.economictimes.indiatimes.com/2013-03-06/news/37500106_1_ulgen-hsbc-survey-indian-economy

Worst may be over for India: Moody's Analytics

The worst may be over for the Indian economy, a new report by Moody's Analytics has said. It sees economic growth at around 7% from 2014 onwards in its India Outlook report titled The Worst May Be Over.

"The December quarter was likely the bottom of the economic cycle, and we anticipate a steady acceleration in GDP growth across the coming year. Our forecast from 2014 onwards is for economic growth of around 7%, which is India's new rate of trend growth," the report read. At the same time, Moody's has cautioned the government against targeting double-digit GDP expansion saying any growth beyond 7% without reforms will fuel inflation that will result in "more painful" future adjustments.

"Some government policymakers, most notably RBI Governor D Subbarao, have begun pushing for a return to double-digit growth. This is wildly optimistic and, without significant structural reform, a dangerous view to take," it said. Subbarao had earlier this week said a



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growth rate of 5-6% is not sufficient for the economy, which has the potential to grow at double digit rate provided some issues are addressed.

"If we do the right things, we can get back on the track of the double digit growth," he had said. Findings of the think tank, (a division of Moody's Investors Services), endorse the optimism inherent in the growth estimates for 2013-14 at 6.1% and 6.7% in the economic survey. The union budget presented on February 28 had based its assumptions on 6.5% in fiscal 2013-14 with finance minister P Chidambaram promising more measures to support growth. India's economy underperformed in 2012 as external and domestic factors weighed on confidence and demand, the report went on to say, adding,

"these factors will be less of a drag in 2013."

The report assumes that in 2013-14 the global economy faces only mild financial volatility, domestic policymaking continues at a slow but steady pace, inflation cools enough to allow the RBI to cut interest rates, and a decent monsoon rainfall helps crop yields. "If any or all of these factors fall short, GDP growth will dip below 6% this year," it cautioned. Wholesale Price Index based inflation is hovering at around 7% and touching 6.62% in January. However, unlike the ratings agencies, Moody's Analytics has termed the budget political and on expected lines.

http://articles.economictimes.indiatimes.com/2013-03-08/news/37561631_1_gdp-growth-growth-estimates-economic-growth

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