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News Feature

Census of India 2011: India's population rises to 1.21 billion; sex ratio lowest since Independence

India's population rose to 1.21 billion people over the last 10 years--an increase by 181 million, according to the new census,but significantly the growth is slower for the first time in nine decades.

The population, which accounts for world's 17.5 per cent population, comprises 623.7 million males and 586.5 million females, said a provisional 2011 Census report. China is the most populous nation acounting for 19.4 per cent of the global population.

The country's headcount is almost equal to the combined population of the United States, Indonesia, Brazil, Pakistan, Bangladesh and Japan put together, it said.

The population has increased by more than 181 million during the decade 2001-2011, the report said. The growth rate in 2011 is 17.64 per cent in comparison to 21.15 per cent in 2001.

The 2001-2011 period is the first decade -- with exception of 1911-1921 -- which has actually added lesser population compared to the previous decade, Registrar General of India and Census Commissioner of India C Chandramauli said in presence of Home Secretary Gopal K Pillai.

Among the states and Union territories, Uttar Pradesh is the most populous state with 199 million people and Lakshadweep the least populated at 64,429.

The combined population of UP and Maharashtra is bigger than that of the US.

The highest population density is in Delhi's north-east district (37,346 per sq km) while the lowest is in Dibang Valley in Arunachal Pradesh (just one per sq km).

http://economictimes.indiatimes.com/news/economy/indicators/census-of-india-2011-indias-population-rises-to-121-billion-sex-ratio-lowest-since-independence/articleshow/7832472.cms

Census of India 2011: Literacy rises by 9.2 per cent, now 74.04 per cent

India's effective literacy rate has recorded a 9.2 per cent rise to reach 74.04 per cent, according to provisional data of the 2011 census.

Effective literacy rate in the 2001 census was 64.83, which improved to 74.04, said Registrar General of India and Census Commissioner C. Chandramauli.

Interestingly, literacy rate improved sharply among females as compared to males. While the effective literacy rate for males rose from 75.26 to 82.14 per cent marking a rise of 6.9 per cent, it increased by 11.8 per cent for females to go from 53.67 to 65.46 per cent.

According to provisional totals of the latest census, literates constitute 74 per cent of total population aged seven and above.

Chandramauli said it was encouraging to note that out of total 217,700,941 literates added during the decade, females at 110,069.001 outnumbered males at 107,631,940.

He said a significant milestone reached in 2011 census was the decline of illiterates by 31,196,847.

Ten states and union territories, including Kerala, Lakshadweep, Mizoram, Tripura, Goa, Daman and Diu, Puducherry, Chandigarh, National Capital Territory of Delhi and the Andaman and Nicobar Islands, have attained literacy rate of above 85 per cent, the target set by the Planning Commission to be achieved by 2011-12.

The gap of 21.59 per centage points recorded between male and female literacy rates in 2001 census reduced to 16.68 per centage points in 2011. The Planning Commission had set up a target of reducing this gap to 10 per centage points by 2011-12.

Kerala has the highest literacy rate at 93.91 per cent followed by Lakshadweep at 92.28 per cent. Bihar is at the bottom of the ladder with literacy rate of 63.82 followed by Arunachal Pradesh at 66.

http://economictimes.indiatimes.com/news/economy/indicators/census-of-india-2011-literacy-rises-by-92-per-cent-now-7404-per-cent/articleshow/7833145.cms

February exports up 49.7 pct y/y: Govt

India's exports in February rose an annual 49.7 percent to $23.6 bn, while imports for the month rose 21.2 percent on the year to $31.7 bn, government data showed.

India's trade deficit in February remained steady at $8.1 bn compared with $8 bn in January.

Exports in April-February rose an annual 31.4 percent to $208.2 bn. Oil imports for February fell an annual 0.3 percent to $8.2 bn.

http://economictimes.indiatimes.com/news/economy/foreign-trade/february-exports-up-497-pct-y/y-govt/articleshow/7842277.cms

Core sector grows 6.8% in Feb

Six core industries grew by 6.8 per cent in February against 4.2 per cent a year ago, boosted by surge in crude oil and finished steel output. However, sequentially, the growth rate declined from 7.1 per cent in January.

Even though the six industries — crude oil, petroleum refinery, coal, electricity, cement and finished steel — constitute one-fourth of the Index of Industrial Production (IIP), it is becoming increasingly difficult to take an inference on industrial growth from core industry data. As a case in point, industrial growth stood at just 3.7 per cent in January, despite a good performance by core sector industries.

In February, petroleum refinery and crude oil output grew by 3.2 per cent and 12.2 per cent from 0.7 per cent and 4 per cent respectively a year ago. Electricity generation expanded by 7.2 per cent in the month from 6.9 per cent a year ago. Finished steel performed quite well, registering 11.5 per cent growth from a contraction of 0.2 per cent.

But cement production grew at less rate of 6.5 per cent in February from 7.9 per cent a year earlier. The coal story turned out to be even more dismal. Its output declined by 5.7 per cent from 6.7 per cent growth a year earlier. During the first 11 months (April-February) of the current financial year, the six core industries grew by 5.7 per cent as against 5.4 per cent a year ago.

http://www.business-standard.com/india/news/core-sector-grows-68-in-feb/430283/

Overseas Investment

New FDI policy spells relief for private equity industry

In what comes as relief for the private equity industry, the foreign direct investment (FDI) policy unveiled by the Department of Industrial Policy and Promotion (DIPP) brought out a clear picture on convertible instrument prices.

DIPP said companies would now have the option of prescribing a conversion formula, instead of specifying the price of convertible instruments. Last year’s policy, which said the conversion ratio should be specified upfront, led to a delay in the flow of private equity deals, in which most of the prices of

convertible instruments were decided during conversion, not upfront.

Convertible instruments offer an investor the choice of whether or not to convert on a specified future date. The instruments include compulsory convertible preference shares (CCPS) and compulsory convertible debentures (CCDs).

According to the DIPP circular, “Instead of specifying the price of convertible instruments upfront, companies will now have the option of prescribing a conversion formula, subject to the Foreign Exchange Management Act and Securities and Exchange Board of India guidelines on pricing. This would help the recipient companies obtain better valuations, based on their performance.”

http://businessstandard.com/india/news/new-fdi-policy-spells-relief-for-private-equity-industry/430568/

FII investment doubles since Dec'08; FDI grows gradually: RBI

Foreign direct investment (FDI) into India has grown gradually since December 2008, while overseas fund flow in the capital market have nearly doubled in the two year period, according to an RBI data.

An analysis of the Reserve Bank data shows that since December 2008, FDI investment have grown from $ 125.2 bn to $ 198 bn in December 2010.

Comparatively, portfolio investment, both in equity and debt securities, jumped from $ 91.6 bn to $ 171.7 bn in the aforesaid period.

Experts said foreign investors are finding Indian securities market well priced and are preferring to put in money even as long term overseas fund in the form of FDIs are investing gradually.

Growing from December 2008, FDI in India at the end of June 2009 stood at $ 145 bn, while increasing to $ 167 bn at the end of December 2009. It further grew to $ 178.3 bn in June 2010 and to $ 198 bn till December 2010.

In sharp contrast, portfolio investment increased to $ 95.9 bn at the end of June 2009 and jumped to $ 117.2 at the end of December 2009. This was again followed by a sharp surge to $ 135 bn in June 2010 before touching the $ 172 bn mark by December 2010.

FIIs mainly invested in equities, with their investments rising from $ 69 bn to $ 138.2 bn, while their investments in debt securities grew by $ 10.8 bn to $ 33.4 bn in two years.

Meanwhile, the portfolio investments made by Indians in other countries grew from $ 0.6 bn to $ 1.1 bn, while the direct investments by them overseas rose from $ 63.3 bn to $ 92.4 bn during the period under review.

http://economictimes.indiatimes.com/news/economy/finance/fii-investment-doubles-since-dec08-fdi-grows-gradually-rbi/articleshow/7875553.cms

Service tax on forex transactions capped at Rs 5,000

The government said service tax on foreign exchange transactions would be capped at Rs 5,000. The announcement will provide relief to market participants who feared high tax incidence would lead to a sharp decline in foreign exchange transaction volumes.

According to a notification, tax for foreign exchange transactions will be calculated at 0.1 per cent of the gross amount of currency exchanged for up to Rs 1 lakh. The minimum tax will be Rs 25.

For Rs 1-10 lakh transactions , the tax rate will Rs 100, plus 0.5 per cent of the gross amount exchanged.

For transactions above Rs 10 lakh, the service tax rate has been fixed at Rs 550, plus 0.01 per cent of the gross amount of currency exchanged. But the maximum amount of service tax will not exceed Rs 5,000.

Since May 2008, all foreign exchange transactions have been subjected to service tax. So far, bankers used to charge a service fee of Rs 100 per transaction, on which service tax was levied at 12.36 per cent. So, effectively a person doing foreign exchange trade was paying Rs 112.36 as service charge (including tax) each transaction.

However, in the Union Budget for 2011-12, the government proposed new methods to calculate service tax for foreign exchange transactions.

Under the first method, service tax will be imposed at 0.1 per cent of the gross amount of currency exchanged. In the second method, service tax will be one per cent of the difference between buying/selling rate and the Reserve Bank of India's reference rate for the day multiplied by total units of the currency.

Bankers said this would have increased the tax burden, which ultimately is borne by the customers.

"We work on wafer thin margins. So, the announcement comes as a relief for us. Otherwise, transactions volumes would have taken a hit making our business unviable," a senior official at a private bank said.

http://www.business-standard.com/india/news/service-taxforex-transactions-capped-at-rs-5000/430592/

Govt liberalises FDI policy to boost inflows

Relaxing the rules for foreign direct investment (FDI) in the country, the government today decided to permit the issuance of equity to overseas firms against imported capital goods and machinery.

Furthermore, the norms for overseas investment in production and developments of seeds have been liberalised.

"After stakeholder consultations, the government has now decided to permit issue of equity, under the government route, in... import of capital goods/ machinery/ equipment (including second-hand machinery)," an official statement said.

This measure, which liberalises the conditions for conversion of non-cash items into equity, is expected to significantly boost the prospects for foreign companies doing business in India, it said.

In the agriculture sector, it said that FDI will now be permitted in the development and production of seeds and planting material without the stipulation of having to do so under 'controlled conditions'.

The government made these changes in the third edition of the Consolidated FDI Policy Circular, a ready reckoner on foreign investment-related regulations.

"Circular 1 of 2011 third edition of the Consolidated FDI Policy is a part of ongoing efforts of procedure simplification and FDI rationalisation, which will go a long way in inspiring investor confidence," Commerce and Industry Minister Anand Sharma said.

The government has further decided to abolish the condition of prior approval in case of existing joint ventures and technical collaborations in the 'same field'.

http://economictimes.indiatimes.com/news/economy/policy/govt-liberalises-fdi-policy-to-boost-inflows/articleshow/7832369.cms

CCEA clears Reckitt, Hero FDI plans

The government approved the proposal of UK-based consumer products and pharmaceutical giant Reckitt Benckiser to set up a new wholly-owned investment subsidiary.

The equity of the company will be subscribed by Reckitt Benckiser (Singapore) to make downstream investment in Paras Pharmaceuticals. The approval is expected to result in FDI amounting to Rs 3,300 crore in the subsidiary, an official press release said.

The Cabinet Committee on Economic Affairs (CCEA) also gave its nod to Rs 4,500-crore FDI in Hero Investments, one of the main shareholders in the country's largest two-wheeler maker Hero Honda, by two private

equity firms. The Hero Group had earlier said that the two private equity firms, BC India Investors II, a part of Bain Capital, and Lathe Investment , will together pick up a 29 % stake in Hero Investments for Rs 3,650 crore.

http://economictimes.indiatimes.com/news/economy/policy/ccea-clears-reckitt-hero-fdi-plans/articleshow/7822505.cms

Govt to take up fresh FDI proposals on April 20

The government has called a Foreign Investment Promotion Board (FIPB) meeting on April 20, the first one after it announced major changes in FDI norms , to approve proposals for foreign direct investment.

While the agenda of the 165th FIPB meeting was being finalised, sources said the Board may also consider those cases on which decisions were deferred in the past.

In the last meeting the Board had approved 14 FDI proposals, including that of Mauritius based Ghir Investments, totalling Rs 1,289.85 crore. The meeting was held on March 11.

Meanwhile, Japan Brake Industrial Co, Japan has sought FIPB approval to manufacture components of automobiles and other two-wheeler vehicles.

As per the FIPB in the Finance Ministry, Mumbai-based Pruksa-Luxora has also sought the government's nod for FDI in construction of residential buildings and alterations in the existing ones.

In the March meeting, the FIPB had deferred decisions on 27 proposals, including that of Essar Capital Holdings and Forbo Holding AG, Lindenstrasse, Switzerland.

During the 11-month (April-February) period this fiscal, FDI inflows into India declined by 25 per cent to USD 18.3 billion.

With an aim to attract more and more FDI in the country, the government has been taking several steps, including simplification and rationalisation of the policy.

http://economictimes.indiatimes.com/news/economy/finance/govt-to-take-up-fresh-fdi-proposals-on-april-20/articleshow/7855530.cms

Trade News

Finnish cleantech firms look for opportunities in India

Finnish cleantech companies are looking at strengthening their existing ties with Indian companies in the renewable energy sector. These companies are looking for stronger partnerships in India especially in energy efficiency, water treatment and bio-energy.

Mr Severi Keinälä, Head of Division, Innovation Department, Ministry of Employment and the Economy, Finland, said, “One of the most important areas of trade between Finland and India is the cleantech industry.

“The Finnish cleantech companies are expected to double the Finnish-Indian business cooperation in the next three years. India is already one of the main market areas of Finnish cleantech companies with most of the leading companies already present there.”In 2011, Finland's exports to India grew 32 per cent from the previous year and exports from India to Finland grew 50 per cent.

Stating that India has enormous potential for generation of electricity from solar and wind power, as well as to increase the use of biomass in energy production, he said: “Finland has a lot of experience, technology and know-how to offer in these areas.”

“For a rapidly growing economy like India, energy and energy security are extremely important. India's energy strategy emphasises a shift from non-renewable energy resources to renewables,” he said.

The Ministry of Employment and the Economy supports Finnish companies' trade relations, exports and internationalisation in Indian market, Mr Keinala said. Today there are over 85 Finnish-owned companies in India. In addition, about 100 Finnish firms work in Indian market through agent or local representative. In Finland over 75 per cent of all renewable energy comes from forests.

http://www.thehindubusinessline.com/companies/article1576670.ece

FTA with Thailand: India committed to ending talks by year-end

India said it is committed to concluding negotiations with Thailand for the proposed comprehensive free trade pact by this year-end, a step which will help in doubling bilateral trade by 2014.

"We are currently engaged in negotiating a India-Thailand free trade agreement (FTA), which will embrace in its fold, investment, services and trade in goods, and we are committed to conclude negotiations by end of this year," Commerce and Industry Minister Anand Sharma said here at the business meeting with Thai Prime Minister Abhisit Vejjajiva.

Sharma said through these steps, the bilateral trade between the countries will be doubled by 2014. The two-way commerce touched USD 6 billion last year.

The Thailand Prime Minister, who is here for a two-day visit, said: "India is today a world leader in the manufacture of drugs and in modern health care and the market in Thailand for medical equipment and supplies is around USD 800 million per year. Certainly this spells opportunity".

He also said that the Indian construction sector, food processing and services can present Thai businessmen with investment opportunities.

The two countries have already abolished the duties on 82 items under an 'Early Harvest Scheme' (EHS) launched in 2004.

EHS is the initial phase of the proposed comprehensive FTA, which is to be upgraded into a full-fledged arrangement for reduction and elimination of duties on about 90 per cent of goods traded between the countries.

The bilateral agreement will be in addition to the India-ASEAN FTA, which was operationalised in January, 2010. Thailand is a member of ASEAN.

Besides the overarching FTA with 10 South-East Asian countries, India had already implemented a comprehensive market opening pact with Singapore and inked a similar pact with Malaysia last month. The country is also negotiating a similar agreement with Indonesia.

Sharma also sought investment from Thailand in sectors such as infrastructre, agro-processing and gems and jewellery.

"We welcome Thai investments for developing cold-chains, warehouses and food processing facilities which will be a contribution not just to the Indian economy but also to food securuty. We expect investments of USD 20 billion in the agro-processing sector in the next five years," he added.

He also said Thailand can also explore investment opportunites in bamboo and rubber industry in the North-eastern region of India, which is rich in forest produce.

Further, the minister added that the tri-lateral highway project linking India and Thailand through Myanmar is an area of hight priority for the country.

http://economictimes.indiatimes.com/news/economy/foreign-trade/fta-with-thailand-india-committed-to-ending-talks-by-year-end/articleshow/7874684.cms

Exim Bank signs line of credit agreements with Mozambique and Tanzania

Exim Bank of India signed two separate line of credit (LOC) agreements with Tanzania and Mozambique so as to further strengthen the financial linkages with the two African countries.

Under the agreements, Exim Bank is providing LOC of $ 36.5 million to Tanzania and $ 20 million to Mozambique. Both the LOCs are for long duration (between 10-20 years) with concessional credit and are being provided on project basis. The Indian Government has provided guarantee for the LOCs.

The agreement with Tanzania was signed by Mr T.C.A. Ranganathan, Chairman and Managing Director of Exim Bank of India from the Indian side and Mr Mustafa H Mkullo, Minister for Finance and Economic Affairs on behalf of Tanzania.

In the case of LOC agreement with Mozambique, Mr Ranganathan signed it from the Indian side and Mr Venancio Simao Massingue, Minister of Science and Technology for Mozambique. Both the agreements were signed at the 7th CII-Exim Bank Conclave on India Africa Project Partnership 2011 being held in the capital.

So far, Exim Bank of India has provided 8 LOCs to Mozambique involving a cumulative amount of $ 160 million. In the case of Tanzania, Exim Bank has till date signed two LOCs involving an amount of $ 76.5 million including the one for $ 36.5 million signed.

http://www.thehindubusinessline.com/industry-and-economy/article1579503.ece

'India-SA bilateral trade may touch USD 15 bn in FY 12'

Bilateral trade between India and South Africa is expected to surge by a whopping 50 per cent to around $ 15 billion in FY 12 against $ 10 billion in the current fiscal, a senior South African Minister said.

"The bilateral trade between both the countries is growing and we have almost touched our target of $ 10 billion for FY 11. We expect to reach $ 15 billion in FY 12," Republic of South Africa Trade and Industry Deputy Minister Elizabeth Thabethe told.

The minister is here on her last leg of a week-long visit to India heading a business delegation of 35 companies, of which 90 per cent are small and medium enterprises (SMEs).

She said that South Africa has huge potential for Indian investments, especially in sectors like manufacturing, mining, tourism, SMEs and Information Technology in which local talent can be tapped.

The minister emphasised that South Africa is providing incentives worth 200 million rands to companies to invest and set up business in the country that will enhance the local skills and also generate employment.

"We don't want to be just raw material provider that does not benefit our people. We want the Indian companies to set up manufacturing units in South Africa that will add value to the raw materials," she said.

The trade between both the countries should be balanced, she said. Unemployment is a huge issue in South Africa and President Jacob Zuma has set a target to generating five million jobs by 2020.

India and South Africa has skills and technology that can help both the nations and help them accelerate the bilateral trade between them. "It will also help South Africa achieve its employment target," she said.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-sa-bilateral-trade-may-touch-usd-15-bn-in-fy-12/articleshow/7835350.cms

Sectoral News

Gold demand in India to rise 33% by 2020: WGC

Gold demand in India will continue to be robust in the next decade. The cumulative annual demand will be in excess of 1,200 tonnes by 2020, valued at about Rs 2,50,000 crore at current price levels, registering a growth of 33 per cent.

According to a new research conducted by the World Gold Council (WGC), the demand for gold in India would be driven by rapid GDP growth, urbanisation and rise in income and savings levels of the consumer. The gold purchasing would increase by almost three per cent per annum over the next decade.

The board of directors of WGC, which held its annual board meeting in Bangalore, released the research findings.

However, in the near term, gold consumption in India is likely to increase marginally by 1.7 per cent during the year 2011 to touch around 980 tonnes compared to 963.1 tonnes consumed in 2010, the research paper, revealed.

Gold jewellery represented around 75 per cent of the total Indian gold demand in 2010, the remainder being accounted for by investment and technology.

Kerala, Maharashtra, Gujarat and Uttar Pradesh are some of the major demand centres of India. The southern states like Kerala, Andhra Pradesh, Tamil Nadu and Karnataka account for over 40 per cent of the country's gold demand. The western (25-30 per cent) and eastern (10-15 per cent) regions are the next in consumption, the research paper added.

“In gold terms, India is a market with significant scale. We believe that there are over 18,000 tonnes of above-ground gold holdings in the country today. As seen in the last decade, Indian demand for gold will be driven by savings and real income levels, not by price,” Ajay Mitra, managing director, India and the Middle East, WGC, said.

http://businessstandard.com/india/news/gold-demand-in-india-to-rise-33-by-2020-wgc/430489/

Mobile VAS to clock Rs 55,000 cr in sales by 2015

Mobile value-added services will generate Rs 55,000 crore in sales by 2015, more than double the Rs 18,000-crore figure currently, consulting firm PricewaterhouseCoopers said in a report. The present student community will be the largest consumers of value-added services in the next four years, the study revealed.

It also adds that new the new generation of content users will demand more entertainment and utility-based services. As students become tomorrow's working class, capable of high income & high propensity to pay, they are likely to generate incremental revenue of Rs 14,677 crore in 2015.

http://articles.economictimes.indiatimes.com/2011-04-01/news/29370593_1_mobile-vas-mobile-operators-value-added-services

India to become global spice hub soon

India, the world's leading spice producer, exporter and consumer, is all set to become a hub of global spice trade with the launch of an international body that would coordinate it.

"Process is on to open the head-office of World Spice Organisation (WSO) at Kochi. It has been registered and will be formally launched within three months," Founding Chairman WSO Philip Kuruvilla told.

Kochi in Kerala is the hub for spice trading in India. The body will not only seek better solutions for sustainability of spice production, but would also address the issue of food safety regulations. It seeks to provide a global platform from the farm to the end user, Kuruvilla said.

"Several spice related organisations have pledged their support and have welcomed the initiative," Kuruvilla said.

A global body that can connect all the spice producing and exporting countries for timely exchange of information from production to exports to regulation is needed, he added.

"WSO will focus on sustainability of spice

production vis-a-vis rising global demand and harmonisation of all the global regulatory policies on spices," All India Spice Exporters Forum (AISEF) Chairman Jeemon Korah told.

http://economictimes.indiatimes.com/news/economy/indicators/india-to-become-global-spice-hub-soon/articleshow/7864103.cms

News Round-Up

India among world's top 10 manufacturing nations: UNIDO

India has secured a place among the world's 10 largest manufacturing countries as the share of major industrialised economies in global factory output fell significantly in the last decade, a UNIDO report said.

Efficient use of energy, helped by enhanced labour productivity and increase in exports of manufactured goods, helped the country secure its position among the top 10 industrial producers.

Even though the country had only 1.8 per cent share in the world manufacturing between 2000 and 2010, India occupies the 9th position among the global leading manufacturing countries.

"Competitiveness of Indian manufactured goods in the global markets has significantly improved," Chief Statistician of the United Nations Industrial Development Organisation (UNIDO) Shyam Upadhyaya said while releasing the report.

Higher output growth rates have allowed the Indian industry to improve major performance indicators such as labour productivity, he said. The country has made significant progress in the use of energy for industrial production.

"This is borne out of the fact that in the last 10-years, India's manufacturing output grew by 7 per cent average per annum while industrial energy consumption grew at much lower rate of 3.6 per cent," Upadhyaya said.

http://economictimes.indiatimes.com/news/economy/indicators/india-among-worlds-top-10-manufacturing-nations-unido/articleshow/7815947.cms

India entered top 10 Clean Energy Investment list for first time

India continued its ascent as a top destination for clean energy investment, according to new research released by The Pew Charitable Trusts. In 2010, India attracted $4 billion in private investments, ranking 10th among the G-20 countries. It also ranked 10th for five-

year growth rates for renewable energy capacity and seventh worldwide in the amount of installed capacity. With a target of deploying 20 gigawatts of solar generating capacity by 2020, the country is poised to further grow its share of this sector of the economy.

"Rapid growth and fierce competition have marked the global clean energy sector, in which worldwide clean energy investment and finance has grown 630 percent since 2004," said Phyllis Cuttino, director of Pew's Clean Energy Program. "Nations like India, China and Germany, which saw an increase in investments, were attractive to financers because they have national policies that create long-term certainty for investors."

http://articles.economictimes.indiatimes.com/2011-03-29/news/29358044_1_renewable-energy-capacity-clean-energy-investment-solar-sector

61% investors believe India markets will outperform global peers

The Indian equity market witnessed a see-saw motion in the first few months of 2011, but a significant number of Indian investors believe it will outperform global indices in 2011.

According to a Franklin Templeton Global Investor Sentiment survey, 61 per cent of the Indian investors surveyed think the domestic bourses will do better this year than global indices.

Moreover, 82 per cent of respondent are optimistic that the Indian stock market will do better than the rest of the world over the next 10 years.

In the first three months of 2011, the Indian stock market market has fluctuated on concerns of surging global crude oil prices and inflation at home. Last year, it gave a returns of about 15 per cent to investors.

Enthusiasm for global markets is also on the rise, with half of the respondents planning to invest outside their home country in 2011.

"The survey clearly shows the growing optimism in India about the state of the economy and growth prospects. Despite this confidence in local markets, it is interesting to note that many people are considering increasing their global exposure over the coming years. We believe this is a positive trend as it helps Indian investors diversify their portfolio across countries and asset classes," Franklin Templeton India President Harshendu Bindal said.

Out of over 13,000 people surveyed in 12 countries, 60 per cent of global respondents think their own country's stock market will increase in 2011. And 33 per cent believe it

will perform better compared with the rest of the world. This indicates the growing preference to invest outside their domestic markets in the coming years.

Globally, 34 per cent investors currently invest outside of their domestic market, while that number jumps up to 50 per cent when looking at 2011

http://economictimes.indiatimes.com/markets/analysis/61-investors-believe-india-markets-will-outperform-global-peers/articleshow/7856145.cms

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