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News Feature

India aims at USD 500 bn export by 2013-14

The Government set a target of more than doubling India's exports to USD 500 billion in the next three years, buoyed by an 37.5 per cent surge in overseas shipments in the last fiscal.

"We must aim for more than a doubling of exports in three years to USD 500 billion. This is achievable, with a determined effort. More importantly, we cannot afford any less than this," according to a strategy paper released by Commerce and Industry Minister Anand Sharma.

For achieving the USD 500 billion mark, the country's exports should grow annually by 26.7 per cent.

Sharma said the strategy hinges on aggressive marketing of 'Brand India' and reducing transaction cost to make exports more competitive.

The export drive would be led by sectors like engineering, gems and jewellery, chemicals and textiles.

As against the target USD 200 billion, the merchandise shipments aggregated USD 246 billion in 2010-11 despite problems in some European markets.

The surge in exports came mainly from the US, some western European markets and new destinations like Latin America and Africa.

The strategy paper (2011-12 to 2013-14) further said that increased imports are unavoidable for feeding an economy which aspires to grow by 9-10 per cent.

"We have, therefore, no option but to focus on higher export growth, and devise a strategy for rapidly increasing merchandise exports to ensure that the Balance of Trade (BoT) and Current Account Deficit (CAD) remain within manageable limits," it said.

http://economictimes.indiatimes.com/news/economy/indicators/india-aims-at-usd-500-bn-export-by-2013-14/articleshow/8152376.cms

March exports up 43.8% at $29.89 bn

Merchandise export in March reached $29.13 billion, up 43.8 per cent over $20.25 billion in the same month a year ago, while imports grew 17.2 per cent to $34.74 billion from $29.62 billion a year ago.

With this, the country’s total exports in goods for 2010-11 financial year reached $245.29 billion, registering 37.5 per cent growth against $178.75 billion in 2009-10, according

to the foreign trade data released by the Ministry of Commerce and Industry.

The government had set a target to attain $200 billion worth of exports in 2010-2011 and $450 billion by 2014.

"Export momentum has definitely picked up. The strategy of diversification in terms of both products as well as markets has paved the way for growth on a long-term basis, as demand from developed countries remained sluggish.

Going forward the free trade pacts that India has signed with Japan, Korea, Malaysia and others would also support the growth. But in the coming months, there is going to be slight moderation as the base effect would be gone. But we do expect to achieve $290 billion exports in this financial year," said Shubhada Rao, chief economist, Yes Bank.

Import of crude oil during March grew 8.2 per cent over FY10 to $9.43 billion from $8.72 billion, while non-oil imports during March stood at $25.30 billion as against $21 billion, up 21 per cent from March 2010, according to the statement. "Diversification strategy is paying off and the country is set to reap dividends in the near future. Exports in 2011-12 would cross $300 billion and would touch $500 billion by 2014-15," Federation of Indian Export Organisations President Ramu S Deora said adding that the concern over increasing cost of credit and infrastructure bottlenecks still remained.

The sectors which did exceedingly well in 2010-11 were engineering products as it rose a staggering 84.8 per cent to $60.1 billion, petroleum 50.6 per cent at $42.5 billion, electronic goods 34.5 per cent at $7.4 billion, textiles at $21 billion, drugs and pharmaceuticals at $10.3 billion and carpets at $1.1 billion. This is for the first time that exports of carpets from India have exceeded the $1 billion-mark.

Imports soared on the back of petroleum items that rose 16.7 per cent at $101.7 billion, fertilisers at $37.6 billion, machinery at $27.2 billion, electronic goods at $27 billion, and chemicals at $15 billion.

http://business-standard.com/india/news/march-exports438-at-2989-bn/434275/

Overseas Investment

Gayatri Projects, Jayshree Tea, Kale Consultants get FDI nod

Gayatri Projects has received government approval to raise 100 million rupees for

various projects through issue of warrants overseas, a government statement said.

India approved 21 foreign direct investment proposals worth about 10.27 billion rupees while rejecting nine, it said.

It also approved a proposal by private lender Dhanlaxmi Bank for 55 million rupees to increase foreign investment to 74 percent from 49 percent now.

Jayshree Tea has also received approval to raise 600 million rupees, it said, adding, unlisted Lokmat Media's proposal to raise 138.2 million through share sale was approved.

It also approved Kale Consultants' proposal to raise 975.1 million rupees through issue of warrants.

A proposal by logistics firm Arshiya International to issue warrants was rejected, it added.

http://economictimes.indiatimes.com/news/economy/finance/gayatri-projects-jayshree-tea-kale-consultants-get-fdi-nod/articleshow/8155196.cms

Trade News

India, Hungary to double bilateral trade in three years

India and Hungary have agreed to double their bilateral trade to USD 1.2 billion within the next three years, with the European nation also reiterating its support to India's claim for permanent membership in an expanded United Nations Security Council .

This was decided during the ongoing visit of Minister of State for Planning, Parliamentary Affairs , Science & Technology and Earth Sciences Ashwani Kumar to the European Union member nation, a government statement said.

Kumar is currently in Hungary with a seven-member parliamentary delegation as part of the dialogue process between the two countries.

During his meetings, Kumar stated that India needs over USD 1 trillion of investment during the next 5-6 years in the infrastructure sector alone.

"He invited Hungarian companies to participate in development of infrastructure in India. The two sides also agreed to double the level of existing trade at USD 640 million to 1.2 billion in the next three years," the statement added.

Kumar has held a series of high-level meetings with senior Hungarian leaders, including the country's Minister for Foreign Affairs Janos Martonyi , Minister for National Economy Gyorgy Matolcsy, Deputy Speaker of the Hungarian National Assembly Sandor Lezsak and the Chairman of the Hungarian-Indian Inter-Parliamentary Friendship Group, Zsolt Horvath.

"Both sides agreed to further strengthen the relationship through parliamentary exchanges on a regular basis... The Hungarian Foreign Minister reiterated his government's support to India's claim for permanent membership in an expanded UN Security Council," the statement said.

http://economictimes.indiatimes.com/news/economy/indicators/india-hungary-to-double-bilateral-trade-in-three-years/articleshow/8159093.cms

FTA to help India, New Zealand reach USD 3 bn trade: Sharma

India and New Zealand are likely to conclude a Free Trade Agreement (FTA) next year with the target of trebling bilateral commerce to USD 3 billion by 2014, Indian Commerce and Industry Minister Anand Sharma said.

"A free trade agreement will lead to greater economic cooperation," he said, adding it would increase trade and investment opportunities for both sides.

Sharma, who is leading a FICCI business delegation to New Zealand, said through steps like the FTA, the two countries hope to treble their mutual trade from the present level of USD 3 billion.

He said the Comprehensive Economic Cooperation Agreement , or CECA (the official name for the FTA), is expected to be finalised by early next year.

Both sides have already completed four rounds of negotiations, which started in 2010.

An official of the India-New Zealand Business Council said that bilateral trade would get boost with the FTA, as happened between New Zealand and China after they opened trade through a similar pact. At present, Sino-New Zealand trade amounts to USD 10 billion.

Addressing a meeting of the Indian-New Zealand Joint Business Council meeting, Sharma said the two countries can cooperate in several segments including agriculture, pharmaceuticals, dairy products, research and development, tourism and films.

India, which has an investment potential of USD 200 billion in in the agro-processing and cold chain sectors, can utilise the expertise of New Zealand in the area, he said. "We want

New Zealand participation in a greater manner in this sector... Our post harvest losses are very high," he said.

New Zealand Trade Minister Tim Groser said that his country places importance on strengthening relations with India.

Sharma is also scheduled to meet New Zealand Prime Minister John Key.

http://economictimes.indiatimes.com/news/economy/foreign-trade/fta-to-help-india-new-zealand-reach-usd-3-bn-trade-sharma/articleshow/8205714.cms

India, Japan trade pact to boost bilateral trade, investment

India said it attaches priority to its strategic partnership with Japan, even as bilateral trade and investment is set to get a boost after their comprehensive market-opening pact comes into force.

Bilateral trade and strategic ties between the countries came up for discussion during a meeting between India's Finance Minister, Pranab Mukherjee , and Japanese Finance Minister Yoshihiko Noda. The two ministers were in Hanoi for the annual meeting of the Asian Development Bank.

The two countries had signed a Comprehensive Economic Partnership Agreement (CEPA) in February. However, the agreement is yet to be implemented pending ratification by the Japanese Parliament .

"... As a result of coming into force of CEPA, bilateral trade is likely to increase substantially, as has happened in the case of South Korea, where after coming into force of CEPA, bilateral trade during the first year increased by more than 40 per cent," an official said after the meeting of the two ministers.

While Japan would get access to a huge Indian market for its products, Indian professionals would be able to provide their services in Japan, he said.

Indian pharmaceutical companies will get treatment similar to Japanese firms in the matter of registration and release of generic medicine in that market.

Under CEPA, the two major Asian economies had committed to eliminate import duties on 94 per cent of their trade in 10 years.

India expects that the comprehensive trade pact covering goods, services and investments would help double bilateral commerce to USD 25 billion by 2015.

India also supports the Japanese initiative for a Comprehensive Economic Partnership Agreement in East Asia (CEPEA), which aims at

building a more inclusive trade alliance in East Asia.

Both the ministers also emphasised on early and successful conclusion of the Doha Round of WTO talks for a multilateral trade deal.

Currently, bilateral trade between the nations stands at USD 15 billion. Japan ranks sixth in the world in terms of foreign direct investment inflows into India and accounts for 3.62 per cent of the total FDI inflows into India.

The official said that India is encouraged by Japan's active involvement in the establishment of a new IIT in Hyderabad.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-japan-trade-pact-to-boost-bilateral-trade-investment/articleshow/8168064.cms

Australia welcomes India's decision to negotiate trade deal

Australia welcomed the decision of the Indian government to start negotiations on a Free Trade Agreement (FTA) between the two countries.

The Prime Minister's Trade and Economic Relations Committee (TERC) gave the green signal for talks on the FTA with Australia.

"That India has now formally agreed to begin the negotiation process is a milestone in the Australia-India relationship," Australia's Trade Minister Craig Emerson said in a statement issued by the Australian high commission.

He said that India was an "enormous, rapidly expanding market for Australian businesses and negotiations for a high-quality trade deal are central to the (Prime Minister Julia) Gillard government's wider plans for greater economic integration between our two countries".

The decision to start FTA negotiations comes ahead of the visit of Indian Commerce Minister Anand Sharma to Australia May 12, when he will meet Emerson.

The Australian minister said that the launch of FTA negotiations will feature in the talks, with Australia looking forward to determining negotiating objectives and mandate.

"Such a deal would broaden the base of merchandise trade, remove barriers to services trade, facilitate and encourage investment and address behind-the-border obstacles to trade," said Emerson.

http://economictimes.indiatimes.com/news/economy/foreign-trade/australia-welcomes-indias-decision-to-negotiate-trade-deal/articleshow/8154461.cms

Sectoral News

Platinum jewellery demand on a rise in India

Platinum is becoming a preferred metal for jewellery consumers in India, due to a relatively moderate rise in prices. The jewellery demand for gold, the perennial choice, rose 69 per cent in the past year; that for its infant competitor, platinum, saw 45-50 per cent growth.

According to Vijay Jain, CEO of Orra brand jewellery by Rosy Blue, platinum jewellery demand rose 50 per cent in the past year. A number of renowned brands from Gitanjali Gems (GGL) have also seen good demand. Mehul Choksi, chairman of GGL, puts the growth estimate at 25 per cent this year.

The white metal recorded a marginal 15 per cent surge to Rs 47,400 per 10g in the past year. Gold, the most preferred precious metal for every occasion in India, recorded a price escalation of 31 per cent, to Rs 22,470 per 10g.

"The rapidly growing Indian economy will create exciting opportunities for 2011, which presents strong opportunities for platinum within the jewellery sector. The expanding economy in India enabled new consumers to afford platinum jewellery, with demand and aspiration further stimulated at the higher end, often through specialist jewellery designers, and the international jewellery brands, which have shown strong global recovery," James Courage, CEO of Platinum Guild International (PGI) had said recently.

PGI estimated a 16 per cent rise in autocatalyst fabrication but the level achieved remained well down on pre-crisis volumes. This was due to sluggish recovery in Europe's diesel sales, plus substitution of palladium. The benefits of an improving economic backdrop were also apparent from the chemical industry and glass sector. In contrast, heavy price-led losses in Chinese jewellery demand fed through to a 17 per cent drop for global jewellery demand, said Philip Klapwijk, executive chairman of GFMS, the London-based consultancy firm.

As for supply, jewellery scrap rose by 30 per cent, while autocatalyst scrap grew 15 per cent, partly as a result of collectors no longer withholding supplies for lengthy periods.

Klapwijk forecast the platinum price to touch $1,900 an oz comfortably by the end of this year, on the back of a supportive macroeconomic environment and bullish gold prices.

http://businessstandard.com/india/news/platinum-jewellery-demand-onrise-in-india/434614/

Cement production to touch 320 mn tn

Cement production in the country is expected to increase to 315-320 million tonne by end of this financial year from the current 300 million tonne.

"The target was 290 million tonne by the end of this year, which we have already achieved. So, we expect the capacity to increase up to 320 million tonne by the year end," NA Viswanathan, secretary general, Cement Manufacturers Association (CMA), said. CMA is targeting to achieve 550 million tonne capacity by 2020.

India is the second largest cement producing country after China with 137 large and 365 mini cement plants. The large plants employ 120,000 people, according to a recent report on the Indian cement industry published by CMA.

It costs Rs 500 crore to add one million tonne capacity, Viswanathan said while addressing the media on the sidelines of the Green Cementech 2011, a two-day seminar organised by the Confederation of Indian Industry Green Building Centre (CII-GBC).

Stating that India was seeing an addition of almost 40 million tonne per year, he said in the last five years the production capacity has doubled.

In 1982, the entire cement industry produced 64 million tonne.

"The current consumption is almost 80 per cent of the capacity. The demand is expected to grow at 8-9 per cent this year," he said.

The housing sector consumes about 65 per cent of the total production. As the capacity was increasing, he said the government should look at infrastructure development.

http://businessstandard.com/india/news/cement-production-to-touch-320-mn-tn/434623/

Indian BioTech industry to reach $10 bn mark by 2015

The Indian biotechnology sector is expected to touch the $10 billion mark by 2015 on the back of emerging opportunities across various verticals, namely biopharma, agri-biotechnology, industrial biotechnology among others.

Presently, the biotechnology sector in the country is estimated to be around $4 billion of which around 40 per cent is contributed by Karnataka.

"Bangalore hosts 52 per cent of the core biotechnology companies in the country and around five top biotech companies are in the city. It shows the favourable ecosystem for biotechnology industry in the state. We will make further efforts to boost growth of the industry," B S Yeddyurappa, chief minister, said after inaugurating Bangalore India Bio 2011.

He also said that the state was about to open four biotechnology parks in various parts of the state.

Presently, the state is in the process of promoting biotech finishing schools to create skilled workforce for the industry.

"Around 12 finishing schools will start their next academic session in a few months, which will impart the required skill to the students," he said. Global biotechnology industry, which is now estimated to be around $140 billion, is slowly looking towards emerging economies like India, Brazil, China among others to drive further growth in the industry.

"The whole world is looking towards emerging economies for providing solutions to global health and other problems. As India has the necessary talent pool, cost advantage along with entrepreneurial drive, we should take the benefit of this emerging opportunity," Kiran Mazumdar-Shaw, CMD of Biocon said. She, however, said issues related to regulatory delays should be addressed to make country's biotechnology industry competitive.

Meantime, other dignitaries asked for more holistic approach of biotechnology. "Biotechnology industry should take a holistic approach of this applied science to solve issues of health problems, productivity in agriculture and industrial usage," Viswa Mohan Katoch, secretary to Government of India for Health Research said.

Referring to this matter, Dr M K Bhan, secretary of Department of Biotechnology, said that the Centre was taking active steps to link required fund for start-ups to conduct research.

"Biotechnology industry should also be more communicative to dispel the myth relating to the industry," he added.

Presently, many genetically-modified crops are yet to be commercialised as there are concerns raised by certain sections of the society related to its safety aspects.

Bhan also said that the department had received necessary approvals for setting up the National Biotechnology Authority which was expected to come for Parliament approval in the next session.

http://businessstandard.com/india/news/indian-biotech-industry-to-reach-10-bn-mark-by-2015/434481/

Oilmeals exports at 5 lakh tonnes in April

Oilmeal exports in April jumped more than two-fold to 5.01 lakh tonnes on the back of record output of oilseeds and increased demand from Japan and China, according to an industry data. The country had shipped 2.04 lakh tonnes of oilmeal (used as cattle and poultry feed) in the same month last year.

"The oilmeal exports during the first six months of oil year (November 2010-April 2011) doubled due to record production of oil seeds during rabi and kharif seasons," Mumbai-based Solvent Extractors Association (SEA) Executive Director B V Mehta said. Increased crushing activity also boosted the overall availability of oilmeals both for domestic use and exports.

http://economictimes.indiatimes.com/news/economy/foreign-trade/oilmeals-exports-at-5-lakh-tonnes-in-april/articleshow/8183266.cms

Handicrafts exports up 26% in FY11

Handicrafts exports showed an impressive growth of about 26% to $2.3 billion in 2010-11 year-on-year, driven by the growing demand from new markets like Latin America and Africa.In 2009-10, the exports stood at $1.8 billion, according to the Export Promotion Council for Handicrafts (EPCH) data.

Exporters are hopeful that exports would continue to grow in the current fiscal.

"We expect a growth of about 20% in 2011-12 over the last fiscal mainly on account of increasing demand from emerging markets like Latin America," EPCH Chairman Raj Malhotra said.

He, however said, demand is still slow from traditional markets like the US and Europe.

The US and Europe together account for about 60% of the country's handicrafts shipments.

Among the items that registered the maximum growth in exports were zari and zari goods (52.21%), followed by wood wares (48.17%), embroidered and crocheted goods (43.75%) and imitation jewellery (29.91%).

Moradabad, Jaipur, Saharanpur, Jodhpur and Narsapur are major handicraft hubs catering to world markets, employing 1 million people.

In March, 2011, handicrafts shipments jumped about 18% to $616 million as compared to the same period previous fiscal.

To reduce dependence on western markets like the US and Europe, the exporters started exploring new markets like Latin America, Asia and Africa.

The government has introduced incentives for exporters to diversify and boost their trade

with emerging markets like Latin America and Caribbean region.

The growth is in sync with the country's total merchandise exports growth which registered the highest ever growth of 37.5% to $245.9 billion during 2010-11.

http://businessstandard.com/india/news/handicrafts-exports26-in-fy11/134175/on

News Round-Up

India one of the most important country for future growth: PwC

Executives across the world perceive India as one of the most important countries for future growth and a key source for products and raw materials, says a survey by global consultancy firm PwC.

According to the PricewaterhouseCoopers 14th Annual Global CEO Survey, which covered 1,201 chief executives in 69 countries, India remains a key area of importance.

India was named by 18 per cent of CEOs as the most important country for future growth, trailing only China (39 per cent of CEOs), the United States (21 per cent) and Brazil (19 per cent).

"The international attention should come as no surprise. India grew faster than 5 per cent per year in the crisis years of 2008 and 2009, and was the 10th fastest growing economy from 2006-2010," PwC India Chairman Deepak Kapoor said.

The survey further said that India, along with China and the US, was seen as the most important future source for products and raw materials.

"India is no longer 'the world's call centre', as some had taken to calling it; it's a key market and supplier, and a vital source for talent, knowledge and innovation," Kapoor added.

Meanwhile, the survey which covered 60 Indian CEOs found that Indian executives were either 'somewhat confident' or 'very confident' about their company's prospects for revenue growth over the next 12 months.

Indian CEOs are also upbeat about their domestic market. As many as 80 per cent of the see India as having high potential for growth, versus 37 per cent of global CEOs of their respective home markets.

"A few years ago, India-based multinationals spent a lot of time selling in overseas markets. Now, with the strength of India's economy in spite of the global recession, they're spending time closer to home," Kapoor said.

China was named by half of the polled Indian CEOs as one of their top three growth markets. While developed markets such as Germany, Japan and the United States were viewed as important, Indian CEOs also stressed emerging economies such as Brazil, Indonesia, Vietnam and South Africa as key destinations, PwC said.

A majority of respondents believe that Poor countries such as India can also benefit from public-private partnerships, where 88 per cent of CEOs responded that the inadequacy of basic infrastructure was a threat to growth.

The Indian government aims to increase investment in infrastructure to more than 9 per cent of GDP by 2012.

http://economictimes.indiatimes.com/news/economy/indicators/india-one-of-the-most-important-country-for-future-growth-pwc/articleshow/8168861.cms

Seven economies including India to rise by 2050 - ADB

Seven economies are the potential drivers of Asia's rise over the next 40 years into a powerhouse that accounts for just over half of global output, the Asian Development Bank (ADB) said in a report released.

In the report on Asia in 2050, the ADB said the dominant economies needed to avoid falling into the middle-income trap that has seen the development of other emerging markets stall.

If they can achieve that, some 3 billion people will enjoy prosperity a generation earlier than they otherwise would, the ADB said at its annual meeting in Hanoi.

"Yawning inequalities must be narrowed and -- as home to over half of the world's population -- Asia must confront a massive wave of urbanisation and changing demographic profiles," the ADB said, adding the region's urban population would nearly double to 3.1 billion people by mid-century.

Necessary reforms included improved governance and strong institutions -- which the ADB said was an Achilles heel for most economies in the region -- and tackling environmental challenges to ensure food and water supplies.

"Asia's rise will be led by China, India , Indonesia, Japan, (South) Korea, Malaysia, and Thailand," the ADB said.

The seven economies had a combined GDP of $14.2 trillion in 2010, 87 percent of Asian GDP, and a total population of 3.1 billion, or 78 percent of Asia's people.

The study found that by 2050, the seven could account for 90 percent of Asian GDP -- and 45 percent of global output -- even as their share of Asia's population falls to 73 percent.

Average per capita income across the seven countries would be $45,800 in purchasing power parity terms -- 25 percent higher than the global average of $36,600, the study found.

Mind the gap

The middle income trap, which sees per capita income stall before advanced-economy levels, usually occurs as countries try to change from resource-driven economies reliant on cheap labor and capital to growth based on high productivity and innovation.

The ADB said based on Asia's record over the past 25 years, there were three categories of Asian economies.

Seven -- Brunei, Hong Kong , Japan, South Korea, Macau, Singapore and Taiwan -- had grown rapidly since the 1950s, "avoiding the middle income trap and becoming high-income developed economies in one generation."

A second group of 11, including China and India, have posted high growth since 1990 but now face the greatest risk of seeing per capita income stalling at middle-income levels.

The others in this group are Armenia, Azerbaijan, Cambodia, Georgia, Indonesia, Kazakhstan, Malaysia, Thailand, and Vietnam.

"Several of these economies, or the larger ones, could easily derail the enticing prospect of the Asian Century," the report said.

Another 31 economies, which include Pacific Island nations and also countries such as the Philippines , Myanmar, Iran and Uzbekistan, have achieved only modest or low long-term growth.

"Their success in joining the ranks of the fast-growing group would significantly facilitate the spread of affluence to all Asians," the ADB said.

The ADB is charged with fighting poverty in a region that includes small Pacific islands, Southeast Asia, the giant economies of China and India, and central Asian republics such as Kazakhstan.

http://economictimes.indiatimes.com/news/economy/indicators/seven-economies-including-india-to-rise-by-2050--adb/articleshow/8157632.cms

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