

Monthly Economic Analysis
Fortune 2010
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Recent Trends in Indian Economy

Industrial Growth

- The Indian economy continues to ride on the path of high growth as a result of return in demand in the domestic and international market. The overall industrial output rose to 11.5 per cent in May this fiscal, registering a double-digit growth for the eighth month in a row. The growth was seen to mainly come from the manufacturing sector.
- GDP growth in the last quarter of the year 2009-10 was 8.6 percent compared to 5.8 percent growth during the same period of 2008-09. The CSO also came up with the revised GDP growth estimates of 7.4 percent for the year 2009-10, this was up from the earlier estimated number of 7.2 percent. The government expects GDP growth to grow by 8.5 percent in 2010-11 and 9.0 percent in 2011-12.
- Despite high growth in the economy concerns over growing imbalances due to niggardly performance in agriculture for the second year in succession have risen. Low growth in agriculture was seen mainly on account of poor monsoon in 2009, when the overall GDP growth in 2009-10 was 7.4 percent and agricultural growth was just 0.2 percent.

Foreign Trade

- Merchandise trade numbers show both exports and imports back again in the positive growth zone. Besides, there has been a palpable return in the confidence amongst investors with both foreign and domestic investments in the Indian market rising. However, some concerns with regard to the Euro zone remains due to the crisis in Greece and also as the Indian Rupee has gained sharply against the USD.
- India's merchandise trade growth number show improvement since November 2009. The role of low base in the high growth cannot be denied, but one cannot also ignore

Trends in Inflation

- Among the other observations were rising inflation that was felt across sectors, starting from food and extending to manufacturing.
- This overall inflation was by and large due to increase in food prices and as a result we also saw rise in the wages and other costs. The issue of rise in food inflation can be checked only by addressing the supply side constraints - both at production and distribution / logistics fronts.

- The Centre has projected the headline inflation, which is currently running at 10 percent to ease to around 6 per cent by December this year. The RBI projected headline inflation to fall to 5.5 per cent at end-March 2011. As a baby step to tide over inflation, the RBI has made a move with a hike in the key policy rates on July 2, 2010.

Monetary Indicators

- The central bank has also introduced the base rate system from July 1, 2010 replacing the existing Benchmark Prime Lending Rate (BPLR). The banks will from now on price the loans with reference to the base rate. The introduction of the base rate was aimed to enhance transparency in lending rates of banks, however, there is less excitement among the highly rated corporates as their fear that funds may come costlier than before. Small companies on the other hand may be in a position to negotiate rates to their advantage.

Core sector growth

- The overall index of six core infrastructure industries saw growth of 5.0 percent in May 2010. This was higher than the growth of 3.2 percent recorded in May last year. However, the growth was marginally lower than the growth registered in the previous month of this year. Out of the six segments, only two sectors i.e. finished steel and cement were observed to show slight weakness in performance during May 2010 compared to the performance recorded in the previous year. In the second month of the current fiscal growth numbers were 2.5 percent and 8.6 percent for finished steel and cement respectively as against the growth of 2.8 percent and 11.8 percent seen in May 2009.

Stock market trends

- The movement in the India stock market indices in the past few months show an improvement and investors confidence in the Indian market. The BSE Sensex is observed above 17K level and Nifty above 5K points. However in the month of May this year we have seen outflow of FII from the Indian and other markets as a result of crisis in Europe.

Fiscal Management

- Revenue collected from tax sources (both direct and indirect) increased by 22 percent in May 2010 , as against the negative collection in taxes seen in the previous year. The positive movement started just a month before May. The increase in tax collection during the first two months of this fiscal was observed to be partly on account of increase in the collection of income tax, customs and excise duties and partly due to the effect of low base in the previous year.

Foreign investment

- The numbers on foreign investment inflows showed inflows at USD 5.5 billion in April 2010 as against USD 4.6 billion in April 2009. The FDI inflows in the month of April 2010 stood at USD 2.2 billion which was marginally lower than the investments in the previous year. However, the element that led to the fall in total foreign investments was pullout of foreign investments from the Indian market as a result of crisis in Europe, which eventually brought down the portfolio investments. This not only impacted the short term investments in India but also investments in other major stock markets.

Foreign exchange reserves

- Foreign exchange reserves recorded in April 2010 was USD 279.6 billion. However, the outflow of foreign institutional investments in May 2010 brought down total forex to USD 272 billion in the subsequent weeks of this fiscal. The present forex is enough to cover 9 months of Indian imports.

Lead Stories of the Month

Core industries register 5% growth in May

The six 'core' infrastructure industries have registered a 5 per cent year-on-year growth in May, compared with 3.2 per cent in the same month of the last fiscal.

For the first two months of the current fiscal, the overall annual core sector growth worked out to 5.1 per cent, against 3.5 per cent during April-May 2009-10.

Among individual industries, cement grew by 8.6 per cent in May (over and above a year-on-year increase of 11.8 per cent in May 2008), while these amounted to 6.4 per cent (3 per cent) for electricity, 7.7 per cent (minus 4.3 per cent) for refined petro-products, 5.8 per cent (minus 4.3 per cent) for crude petroleum, 2.5 per cent (2.8 per cent) for finished steel and 0.1 per cent (10.4 per cent) for coal.

For the April-May 2010 period, cement production went up by 8.7 per cent year-on-year (11.8 per cent in April-May 2009), while being 6.6 per cent (4.8 per cent) for electricity, 6.5 per cent (minus 4.4 per cent) for refined petro-products, 5.5 per cent (minus 3.7 per cent) for crude oil, 3.6 per cent (0.8 per cent) for finished steel and minus 1.4 per cent (12.3 per cent) for coal.

During the first two months of the current fiscal, production of cement stood at 37.55 million tonnes (mt), against 34.56 mt in April-May 2009.

Output of steel similarly rose from 9.248 mt to 9.58 mt, while going up from 5.513 mt to 5.816 mt for crude petroleum and 23.471 mt to 25.007 mt for refined petro-products, and declining from 80.10 mt to 78.99 mt in the case of coal.

Electricity generation, too, was higher (135.0846 billion units versus 126.6776 billion units) during the period under review.

India hopes to return to 9 per cent growth by 2011-12: PM

Promising to persevere with implementing financial sector reforms to support rapid economic Prime Minister Manmohan Singh said India hopes to return to an ambitious 9 per cent growth by 2011-12 and to halve the fiscal deficit in the next three years.

He told the world leaders attending the 4th G20 Summit here that his government was taking steps to reverse the fiscal stimulus introduced to deal with the 2008 crisis. He explained how India was handling the current economic situation.

"Thanks to an effective fiscal and monetary stimulus, we were able to contain the effect of the global crisis on our economy.

"After growing at 9 per cent for four years before the crisis, our economy averaged about 7 per cent growth in the last two years. We expect to grow by 8.5 per cent in 2010-11 and we hope to go back to 9 per cent by 2011-12," Singh said in his address at the Working Session of the summit.

Admitting that this is an ambitious goal for which government has much to do, the Prime Minister said, "We are taking steps to reverse the fiscal stimulus we had introduced to deal with the crisis. To this end we have outlined a medium term plan to halve the fiscal deficit by 2013-14."

He said the government was giving a strong push to investment in infrastructure, relying on private-public partnership as much as possible to reduce the burden on scarce public resources.

"We have a sound and well-regulated financial sector which was not affected by the crisis. We will persevere with implementing financial sector reforms to support rapid and inclusive growth in the real economy and also to increase systemic stability in the financial sector," Singh said.

India to clock double digit growth by 2012: Mukherjee

Indian economy is likely to clock double digit growth by 2012 and is expected to grow over 8.5 per cent in the current fiscal, Finance Minister Pranab Mukherjee has said.

"That it (double digit growth) would perhaps be by 2012," Mukherjee said in an interview in Washington.

Asked about the GDP outlook for the current fiscal, the Finance Minister said, "Of course, I explained the state of Indian economy and we are going to have more than 8.5 per cent growth."

IMF has projected 8.8 per cent, he said, adding, "in our economic survey we have projected, for the year 2010-11, eight and half per cent. As per our present indication is, we are going to achieve that."

During 2009-10, Indian economy grew at better than expected rate of 7.4 per cent. The GDP expanded over 8.6 per cent in the last quarter of the said fiscal.

The GDP growth was despite agriculture output remained flat.

Allaying fears of European crisis having impact on the Indian economy, Mukherjee said, it will not have much impact as the exports to region is limited.

"Not much (impact), because our export is about four per cent of our total export. Therefore, it could not have that much adverse impact," he said.

"But, if it spreads, then it may have. Therefore, it is necessary that it should be confined to those countries. And it is expectedly package which has been worked out to resolve the crisis is about 750 million euro that will take care of it," Mukherjee added.

India-led M&As touch \$40 billion in January-June 2010

Takeovers by Abbot Laboratories and Bharti Airtel helped mergers and acquisitions in India quadruple in the first half of this year from aIndia Inc mergers and acquisitions year ago, strengthening views that corporates are turning optimistic about earnings prospects.

Indian transactions accounted for a sixth of the total Asian deals of \$242.1 billion from 5,078 deals, a rise of 21%. Bharti's acquisition of Zain assets in Africa for \$10.7 billion tops the Asian list.

M&As in India touched \$40 billion in the first six months of the year, according to a Thomson Reuters M&A report. This is the best first half since 2007. "This calendar has seen outbound M&As pick up substantially on the back of good economic growth and valuations," said Raj Balakrishnan, head of M&A at BankofAm Merrill Lynch. "We expect the interest in outbound activity to continue as Indian companies seek to expand globally. We will see medium-size deals and one cannot rule out larger billion dollar-plus deals either."

Sunil Mittal's Bharti led the revival of India Inc's acquisition frenzy with the purchase of Zain Africa in February. Mukesh Ambani's Reliance Industries is actively pursuing investments in the US shale gas ventures with the latest being the \$1.3 billion payment for a 45% stake in Pioneer Natural Resources. Indian companies are also

being bought with drugmaker Abbot's buy of Piramal Healthcare's formulations business for \$3.72 billion. The telecom sector topped the league table with deals valued at \$13.8 billion.

The thawing of credit markets last year after central banks' co-ordinated measures has revived the spirit of Indian entrepreneurship. This follows a lull in 2008 and 2009 after a splurge in the 2004-07 bull run, which left many including Dr Reddy's Laboratories and Tata Motors grappling with financial stress.

Since the demand in developed markets is plateauing, some of the global companies are willing to pay over the odds for Indian companies where a billion-plus population provides scope for growth.

Inbound M&A activity has been relatively subdued on account of valuation resistance but, going forward, this too may pick up as international companies realise the potential of the Indian markets, says Mr Balakrishnan. Value of deals in energy tripled to a record \$8.8 billion, compared to a year earlier, the report said. The value of overseas acquisitions by Indian companies, known as outbound M&As, was nearly thrice that of acquisitions of domestic firms or, inbound M&As.

Abbott's acquisition last month is the highest inbound acquisition so far this year and the highest inbound deal in the healthcare sector on record, said the Thomson Reuters report. It is also the third-largest inbound deal in India on record. US companies topped the local purchases with more than half the value of the deal.

Private equity deals rose a slower 52% to \$1.7 billion as valuations deterred deals. Transcend Infrastructure's acquisition of privately-held Essar Telecom Infrastructure for \$431.6 million was the highest in the segment.

Fitch raises India's credit rating outlook

India's credit rating outlook on local currency debt was raised to 'stable' from 'negative' by ratings agency Fitch, as windfall gains from sale of wireless airwaves raised expectations of a steeper cut in country's fiscal deficit.

Inflows of close to Rs 1 lakh crore through the sale of 3G airwaves and broad band spectrum, against a budgeted estimate of Rs 35,000 crore, has boosted the chance of the Centre achieving the fiscal deficit target of 5.5% in the current financial year and 4.5% in the next.

The agency has revised India's growth forecast for 2010-11 up to 8.5% from 7% on the signs of a strong growth momentum, including industrial production growth of 17.6% in April 2010, on year-on-year basis.

"India's strong growth prospects and the one-off positive impact from the telecom auctions underpin Fitch's forecast that the government's debt-to-gross domestic

product ratio will decline,” Fitch said while affirming the nation’s long-term local and foreign-currency rating at BBB-, the lowest investment grade.

The upgrade by Fitch comes after another ratings agency Standard & Poor’s in March raised India’s debt rating outlook to ‘stable’ from ‘negative’ on growth prospects. S&P also maintained the nation’s long-term local and foreign-currency rating at BBB-, its lowest investment grade.

Fitch anticipates some pressure on the government to spend some of the revenue windfall and estimates an additional 0.3 percentage point spending in 2010-11, still delivering a net 1.3 percentage point fiscal saving.

The fiscal gap of Asia's third largest economy had widened to a 16-year high of 6.8% in the last fiscal as the government tried to give a boost to the flagging economy that was reeling under global financial meltdown. With the global economy going through its worst slowdown after the great depression of 1930s, the government had announced various steps to increase the domestic consumption.

The stimulus measures taken by the government helped the economy to weather the global slowdown with minimum damage and clock a 7.4% GDP growth in the last fiscal.

Exports post 35% growth in May, imports up 30.8%

Exports remained in the positive territory for the seventh successive month, but the 35 per cent growth in shipments in May was lower than that in the same month last year.

Exports in May were worth \$16.1 billion against \$12 billion in May 2009. Following the global financial crisis, exports had fallen for 13 consecutive months, before turning positive in November 2009.

Sectors such as iron ore, oil and leather have done well in April and May due to a slight demand recovery in major markets like the US. However, the Government said it was concerned about the Euro zone debt crisis and its adverse impact on shipments to Europe, which accounts for a fifth of India's total exports.

The other worrying factor is that the rupee has appreciated by over 14 per cent against the Euro since January 2010. This in turn is squeezing the margins of several exporters. Exporters are also likely to diversify more into other markets in Asia, Africa and Latin America.

The Commerce Secretary, Dr Rahul Khullar, told."There is some degree of recovery on the export front. But don't get carried away by the numbers as the growth is driven by a strong base effect. It is not the time to pop the champagne as exports are not yet out of the woods."

The major sectors that have shown positive growth in the last two months put together over the same period last year were iron ore (100 per cent growth), petroleum products (70 per cent), leather (33 per cent), engineering (29.6 per cent), gems and jewellery (37.8 per cent), pharmaceuticals (22 per cent), basic chemicals (38 per cent), man-made fibre (27 per cent), cotton yarn and cotton made up products (16 per cent).

"The good news is that labour intensive sectors such as gems and jewellery and leather are doing well. But readymade garments has shown negative growth (-7 per cent growth)," Dr Khullar said. He said the increase in oil exports was due to the growing refining capacity and increasing external demand.

Meanwhile, imports increased by 30.8 per cent in May to \$27.4 billion (from \$19.8 billion in May 2009), resulting in a trade deficit of \$11.3 billion.

Interestingly, the growth in exports in May was more than that of imports.

The sectors that recorded major growth in imports (cumulative growth in this fiscal over the same period in the last financial year) were electrical machinery (15 per cent), transport equipment (14.7 per cent), machine tools (15 per cent), non-ferrous metals as well as iron and steel (over 100 per cent), precious stones (over 70 per cent), chemicals (56.6 per cent) and petroleum products (over 70 per cent). The growth in capital goods imports has led to a growth in manufacturing sector.

Mr A. Sakthivel, President, Federation of Indian Export Organisations, said in a statement, "While the trend in growth will continue for next few months, exporters will face challenges on account of adoption of base rate regime which is likely to increase cost of export credit and uncertainty in the Euro zone.

"The Government should consider extending focus-market benefits to the European countries that have not been covered so far."

However, Commerce Ministry officials said due to fiscal constraints, only very few struggling sectors would be provided sops. Dr Khullar said a sector-wise analysis is on to find out the sub-sectors doing well and those that are not. The Government has set an export target of \$200 billion for this fiscal.

IIP zooms by 17.6% to near 20-yr high

After last fiscal's double-digit expansion, industrial production picked up more steam to grow by 17.6 per cent in April, boosting the prospects of achieving 8.5 per cent economic growth in 2010-11.

The increase in output was due to a robust showing by the manufacturing sector and a low-base effect, caused by the global economic slowdown.

Manufacturing, which accounts for around 80 per cent of the Index of Industrial Production (IIP), expanded by 19.4 per cent in April, with capital goods growing by 72.8 per cent and consumer durables by 37 per cent.

The April figure is almost equal to the 20-year-high output of 17.7 per cent achieved in December 2009.

Analysts say that the strong uptick in April, coupled with a normal monsoon, would help the economy grow by an estimated 8.5 per cent in 2010-11.

However, Finance Minister Pranab Mukherjee said he expected the industry to do even better in April.

"Of course, my appetite is infinite. I would have been happier if it was 20 per cent," he said.

PM to bat for India's exports

Prime Minister Manmohan Singh's two-day visit to Toronto later this month for the G20 summit will see India use the occasion to gain a sense of how the world's significant economies view global growth trends and to press for a policy consensus supportive of Indian exports.

The closed door interactions are expected to provide for some plain and frank exchange of views on issues like banking controls and trade policies but Indian interests will lie in trying to shore up a supportive atmosphere for India's trade in view of a still fragile recovery in exports.

The burden of the song is likely to be that those economies that are not too stressed in terms of fiscal deficits should certainly look to retain growth incentives like duty cuts and other measures. It's a tricky job as it involves putting it across that while India needed to consider a graded exit, it hoped others would be more mindful of its concerns.

The Indian delegation, led by PM Manmohan Singh, would count on the competitive strength of its exports to make a sound argument. It helps more costly economies to use Indian manufacture and services to cut expenses and realise better volumes. This should help Indian firms to maintain fuller order books than is currently the case.

Though India is seen to be back on the growth path, there is a consensus in government that small steps, not bold sweeps, have helped in the recovery. Yet, the jury on a full recovery is still out as economy watchers wait to see if there will more troughs or the graph will move steadily upwards.

On a broader screen, India is prepared to engage in discussions on WTO-related matters which have been stalled for a while and also look at the reform agendas that were thrown up by the crisis of 2008-09. Progress on reforms of financial systems is

likely to be slow given the complex nature of regulatory issues that world leaders have been discussing.

But any move to make the financial systems more transparent will be welcome even though Indian leaders, like their counterparts elsewhere acknowledge, are aware that no matter how many layers of scrutiny and checks and balances are added, there is no surefire protection against greed and manipulation. Still, policies that do not encourage reckless risk-taking are being widely welcomed.

Strong IIP to help economy grow by 8.5% in FY11: India Inc

India Inc expressed the hope that the robust 17.6-per cent industrial growth in April will help the economy grow by 8.5 per cent in this fiscal, even though factory output growth may moderate after June.

"With such strident growth in the industrial sector, GDP growth during 2010-11 can also be expected to reach the 8.5 per cent target," Ficci secretary general Amit Mitra said.

The CII said the stronger-than-expected IIP numbers have raised hopes that the economy will do well in the current fiscal year. "If the performance of the monsoon is good and inflation moderates, we could see very strong growth in the current year," CII director general Chandrajeet Banerjee said.

However, Mitra cautioned that this trend of high growth may moderate from June onwards because of the base effect.

The CII also said as business sentiment has seen a strong revival investment has been buoyant, especially in the manufacturing sector. It also advocated for the need to raise the share of manufacturing to provide greater employment opportunities.

"Our manufacturing economy needs to grow at a sustained rate of 11-12 per cent to capture the global opportunity in manufacturing," CII said.

PHDCCI additional secretary general S Kapur too said the IIP numbers have proved that economic fundamentals are strong and the country is gradually catching up with the rate of growth that existed before the economic meltdown.

M&A, PE deals more than double in 5 mths

Corporate merger & acquisitions and private equity transactions more than doubled in the first five months of the current calendar year, recording a marked revival in deal activity in the country. As many as 439 M&A and PE transactions have been announced between January and May this year compared to just 179 in the year ago period, as per advisory firm Grant Thornton.

Indeed, the number of deals sealed so far this year has also overtaken that of the corresponding period in 2008 when 383 deals were announced. The sharp rebound in

the corporate dealmaking over the past few months is linked to the recovery in the Indian economy, said a Delhi-based corporate lawyer specialising in such transactions. The value of deals announced since January has topped the \$30-billion mark, over three-fold jump from \$8.1 billion recorded in January-May 2009.

The month of May alone witnessed 59 deals worth \$8.33 billion against 35 deals valued at \$1.85 billion in the year ago period. Out of this, 44 were M&As and the remaining 15 were PE transactions. Some of the key sectors that attracted significant investor interest in the M&A space were pharma & healthcare, banking & finance, mining, FMCG and IT/ITeS, while PE firms struck deals in cement, education and real estate sectors, among others.

The biggest PE transaction last month was KKR- Dalmia Cement deal worth \$159.57 million. The biggest M&A deal was Abbott's acquisition of Piramal Healthcare's formulations business for \$3.7 billion.

India may attract more capital flows: RBI

India is likely to witness a surge in capital inflows as investors may find the country an attractive bet in the backdrop of an uncertain global environment, a top Reserve Bank official said.

"Money tries to come to places where it gets better returns. So from the point of view of capital flows, you do have the likelihood of more uncertainty in the rest of the world and therefore more money coming to India," RBI Deputy Governor Usha Thorat said.

Foreign Institutional Investors have, so far, invested around USD 5 billion in the domestic share market against a total investment of USD 17.45 billion in 2009.

Policymakers, worldwide, are watching the developments associated with the euro zone crisis, which broke out after Greece nearly defaulted on public debts.

To avert the deepening crisis, euro zone countries and the International Monetary Fund formed a USD one trillion rescue package to bail-out Greece.

The Reserve Bank, which has started withdrawing emergency monetary stimulus measures of the crisis period, is in a dilemma about hiking policy rates next month to facilitate the exit while the recovery is still nascent.

Mkts likely to remain positive: Analysts

Dalal Street is likely to carry forward the upward movement this week as risk appetite is returning to the markets on the back of a strong domestic economic scenario and strengthening global cues.

"In the past few sessions, the market has shown good performance and it seems the confidence level among investors is returning as sentiment across the globe is positive

for now. The domestic market is likely to start with a positive bias this week," SMC Capital's equity head J Thunuguntla said.

During the last three trading sessions, the 30-share BSE benchmark Sensex rallied 448 points, or 2.6 per cent, thus trimming the losses for the past week to just 0.3 per cent.

"After being beaten heavily on European debt worries, the market is now cheering positive news coming in from all fronts and the Dalal Street is likely to trade in the green," Bonanza Portfolio AVP for equity research Avinash Gupta said.

The market sentiment is positive due to many factors. The country's industrial output for May expanded much faster than expected at a full 17.6 per cent, the second best ever.

On the global front, the European Central Bank and the Bank of England left their benchmark rates unchanged again to support the fledgling economic recovery, China's exports jumped to a 48 per cent in May and Japan's gross domestic product rose at an annualised 5 per cent in the first quarter.

"But, investors are cautious and it is unlikely that they will miss any chance to book profit at higher level, which may bring more volatility into the street," Thunuguntla added.

FIIIs, which offloaded shares worth USD 2 billion in May, were net buyers last week and so far in June they have made a net investment of Rs 1,576 crore in the market.

Investors will eye the first installment of the corporate advance tax payment (which falls due on June 15) which will give some clue about the June quarter corporate results.

However, global risk appetite holds key for the domestic equities in near term. "At the current levels, though the market valuations do not look very expensive, with lack of fresh triggers except IIP, the upside seems to be limited," Indiabulls Securities said in a note.

India gains entry into elite global body 'Financial Action Task Force'

India has finally become a member of the elite global body Financial Action Task Force, which would allow the country to gain easy access to real-time exchange of information on money laundering and terror financing. "We have become a member of the FATF," said a finance ministry official.

The FATF is an inter-governmental body set up by the G-7 for creating global policies and framework to combat money laundering and terror financing. Membership of this body is very select and was limited to only 33 countries and two organisations. India has become the 34th member country.

The membership makes the country a more attractive destination for foreign investments and allows easier market access for India's financial institutions in the industrialised world, besides providing information on money laundering and terror financing.

However, the entry into the FATF, which came through on June 25 plenary of the body, has not been easy for India. New Delhi has been for the past 10 years attempting to become a member of FATF.

The membership of this elite body is granted only after a very stringent evaluation process by the officials of the FATF. Assessment of India preparedness for the membership of this body, founded in 1989, began in December 2009. Prime minister Manmohan Singh had also given directions that India needed to gain membership of this body and had urged for necessary steps to meet FATF's requirements. FATF has 49 action points for member countries to act upon.

India amended the Prevention of Money Laundering Act (PMLA) in line with the FATF recommendations. Overseas payment gateways such as Visa and Master, money changers and money transfer service providers were brought under the ambit of PMLA.

Insider trading and market manipulation, human trafficking, smuggling of migrants, piracy and environmental crimes, over-invoicing and under-invoicing under customs were also made offences under the PMLA, inviting stricter punishment.

Calibrated FDI opening in retail, defence: India tells US

India has said it will go for calibrated FDI liberalisation in sectors like defence and retail amidst the US demand for opening different segments for foreign investors.

Commerce and Industry Minister Anand Sharma, who participated in the Indo-US CEOs Forum, said: "(In) defence and retail trade ... we favour calibrated (foreign investment) liberalisation on account of domestic sensitivities."

He said that his government's initiatives like simplification and consolidation of the FDI policy would go a long way in improving business environment in India.

FDI is not allowed in multi-brand retail, which is dominated by the neighbourhood kirana stores and is a politically-sensitive topic. However, foreign players are permitted in wholesale trade as also in single-brand retail.

At present 26 per cent FDI is allowed in defence sector. Sharma also met the US Trade Representative Ron Kirk and the two leaders agreed to enhance opportunities for bilateral trade and investment to create jobs in both the countries.

"Kirk urged India to address longstanding impediments such as investment caps, agricultural market access barriers, high tariffs, intellectual property rights and the

need for continuing regulatory streamlining and transparency," the USTR spokesman Matthew Lawrence said in a statement.

Sharma was leading an official and industry delegation for the second meeting of the Forum co-chaired by Tata Group chairman Ratan Tata and Honeywell Inc CEO Dave Cote.

The meeting was also attended by Finance Minister Pranab Mukherjee and Deputy Chairman of Planning Commission of India Montek Singh Ahluwalia.

The US official delegation included Secretary of State Hillary Clinton, Treasury Secretary Timothy Geithner, Commerce Secretary Gary Locke, US Trade Representative Ambassador Ron Kirk and Director of National Economic Council Larry Summers.

Sharma also welcomed the CEO Forum initiative on the launching of a \$1 billion venture capital /private equity fund for clean energy technology development projects.

He also lauded the initiative of the Forum to establish a joint Indo-US Drug Discovery Fund and said the move would enhance the research and development efforts.

Sharma and Kirk also reviewed the implementation of the India- US Trade Policy Forum Framework for Cooperation on Trade and Investment signed in March 2010.

Forex reserves rise \$1.69 b

Foreign exchange reserves were up by \$1.69 billion to \$272.783 billion, for the week ending June 11, on account of revaluation gains.

The reserves have risen after having fallen for two consecutive weeks.

For the week ended June 4, forex reserves fell by \$877 million to \$271.093 billion.

According to figures released in the Reserve Bank of India's weekly statistical supplement, in the week , foreign currency assets were up by \$1.689 billion to \$247.241 billion.

Foreign currency assets expressed in dollar terms include the effect of appreciation or depreciation of non-US currencies. In the week under review, the euro had recovered its losses against the greenback, said a dealer with a public sector bank.

Gold reserves were unchanged at \$19.423 billion. SDRs were up by \$1 million at \$4.821 billion. The reserve position in the IMF was unchanged at \$1.298 billion.

FDI lock-in for hotels & tourism projects to go

In an attempt to accelerate foreign investment in the country's hospitality sector, the government has decided to exclude hotel and tourism projects from the purview of the three-year lock-in clause which governs real estate activities. The move is expected to give a fillip to the plans to increase the number of hotel rooms in the country manifold, besides enabling domestic realty majors to induct foreign partners in their projects.

Companies like Unitech and DLF, who have lined up massive projects in the hotels and tourism sector are keen to supplement liquidity with foreign funds. Currently, foreign direct investment (FDI) norms forbid foreign investors from repatriating profits back home for three years if investments are made in "real estate projects" including hotels and tourism-related ventures.

According to official sources, in order to avail of the proposed relaxation, projects must earmark a minimum 50% of built-up space for hotel and tourism activities, including beach resorts, restaurants and tourist complexes, and at least 20% for developing hotel rooms. The move will also benefit firms that incorporate hotel projects in their real estate projects.

However, the proposed relaxation would not apply to FDI in housing projects and office and shopping complexes. Current norms stipulate a minimum developable area of 25 acres and a minimum capitalisation of \$10 million for wholly-owned subsidiaries of multinational companies and \$5 million for joint ventures investing in real estate. Foreign investors are also not allowed to exit such projects before three years of completion of the project.

Auto cos lines up \$30 bn investment in 4 years

Daimler, Maruti Suzuki and Mahindra & Mahindra are set to lead an estimated \$30-billion investments by automakers in the next four years to meet the galloping demand in the world's second fastest-growing market after China.

Global auto companies facing a sedate growth in existing markets are investing to tap the growing demand in India as investment spending and the government's social programmes raise incomes in smaller cities and rural areas too.

These investments by automakers is set to trigger expansion of capacities by component suppliers too such as Amtek Auto and Bharat Forge.

"The Indian automobile industry is geared up to invest up to Rs 80,000 crore in fresh capacity in the next four years," said Vishnu Mathur, director-general at the industry lobby group Society of Indian Automobile Manufacturers. "The components industry will also invest \$12 billion up to the end of the Automotive Mission Plan."

The Automotive Mission Plan is a 10-year road map prepared by the Indian government in 2006 to make India an automobile hub, raise the industry contribution

to 10% of the gross domestic product from 5%, and provide additional employment to 25 million people.

Car and motorcycle sales in India are setting records with rising incomes, cheap lending by banks and launch of new models such as Volkswagen's Polo and Fiat's Linea. Car sales rose 25% last year, the fastest in six years, to 19.5 lakh and domestic motorcycle sales climbed 26% to 94 lakh. Domestic passenger car sales gained 40% in April, despite price increases. The growth rate has hastened plans of many manufacturers such as Germany's Volkswagen and France's Renault.

Daimler India Commercial Vehicles plans to invest Rs 4,400 crore in five years to make light, medium and heavy duty trucks at its 160-hectare plant in Oragadam, near Chennai. Tata Motors, maker of world's cheapest Nano cars, will invest about Rs 8,000 crore. Toyota is putting up a second plant at its Bidadi complex in Karnataka at a cost of Rs 3,200 crore to produce the Etios, an India-friendly model with two versions—sedan and a hatchback. Hero Honda, the biggest motorcycle maker and Ashok Leyland-Nissan are planning new factories.

FII inflows give a fillip to corporate bond market

Trading volumes in the corporate bonds market have been buoyant with May 2010 witnessing the highest monthly figure at Rs 72,710 crore.

That's about 9% higher than the reported volume of Rs 66,800 crore in April and way above the Rs 52,620 crore clocked in January 2010.

The rise in trading volumes has been attributed to greater participation by foreign institutional investors (FIIs) who have picked up close to \$6.5 billion worth of debt paper this year.

Domestic players have also been active. "Insurance companies have been buyers since March while mutual funds have been mostly sellers," said a dealer from a foreign bank.

Trading data is somewhat inflated by about 15-20%. That's because some FIIs aren't allowed to buy corporate bonds in the secondary market.

Very often, the parent firm of an FII first picks up the paper in the primary market and sells it to the FII in the secondary market.

Dealers say the money is parked more or less evenly in papers of shorter-term maturities and also longer-term maturities.

The reason why FIIs are buying Indian corporate paper is not hard to understand. Indian paper commands higher coupon rates and even after accounting for hedging costs, investors can make about 150-200 bps more on their investments.

The ceiling for FII investments in debt is \$15 billion. With little headroom left, Sebi decided to auction bonds on the NSE, on a 'first come first serve basis' in mid-April this year.

Data put out by Sebi shows that companies raised Rs 2.12 lakh crore through corporate bonds in 2009-10, up 22.71% from Rs 1.73 lakh crore in 2008-09. There were 430 issues between January and March. Crisi's upgrades for Indian paper have exceeded downgrades in the last six months, reversing a three-year trend.

Indo-Lanka trade to grow at 8%

The bilateral trade between India and Sri Lanka is estimated to grow at over eight per cent in 2010. The trade between the two countries stood at \$3,267 million in 2008 and has been growing at five-to-six per cent over the last few years, according to Mr Prasad Kariyawasam, Sri Lankan High Commissioner.

"Trade between the two countries was growing at a healthy rate till last year when we witnessed a slowdown due to the global financial crisis. However, this year we are hopeful of posting a growth of about eight per cent," Mr Kariyawasam said while speaking at a meeting on enhancing Indo-Sri Lankan business co-operation organised by the Bengal National Chamber of Commerce and Industry.

Sri Lankan Government is looking at attracting medium- and small-scale companies from India to invest in their country, he said. The total cumulative investments from India were at about \$347 million till 2008.

"Our strategy is to attract small and medium sized companies in sectors such as apparel, electrical accessories, rubber products, industrial chemicals and gems and jewellery among others," he added.

Australia keen on scientific research with India

Australian scientists will work with their Indian counterparts on cutting-edge research in fields ranging from agriculture to health.

Australia's Innovation Minister, Senator Kim Carr, announced that the Australian Government would provide A\$2.7 million (Rs 11 crore) for nine joint projects through the fourth round of the Indo-Australian Science and Technology Fund, a component of the Australia-India Strategic Research Fund (AISRF). India's Department of Science and Technology will provide matching funding.

"These projects will further strengthen what is a very important bilateral relationship between Australia and India. India is a leader in science and technology and an important partner for Australian scientists," Senator Carr said.

Projects

The projects being undertaken include development of a cancer targeting system using the latest advances in nanotechnology to deliver anti-cancer agents directly to the cancer site, use of adsorption engineering to produce low-cost, high-efficiency water-free biogas and development of social media technologies for rural and remote communities with limited access to broadband internet. Other projects focus on earth systems science, astronomy and astrophysics, and renewable energy.

With a total Australian commitment of A\$65 million (Rs 260 crore), matched by the Government of India, the AISRF is Australia's largest fund dedicated to bilateral collaboration in science with any country. It is also one of India's largest sources of support for international collaboration in science.

FICCI's initiatives in China

FICCI & CCPIT set up the India-China Joint Business Council in 1985 - an institutional arrangement to enhance bilateral economic & commercial relations. Annual meetings were held, to strengthen bilateral commercial relations. Till now twelve meetings of the JBC have been held so far.

BOAO Forum for Asia (BFA)

FICCI is the Initial member (Corporate founder member) of the BOAO Forum for Asia (BFA) and FICCI representatives participate actively in the annual meetings of the forum. BFA has established itself as an effective forum for deliberations of Asia-Pacific and global issues. A special India-China session was also coordinated by FICCI during BOAO Forum Annual Conference 2010 which was attended by several leading industrialists including FICCI president, Mr. Rajan Bharti Mittal. The session was also addressed by the Minister of Environment and Forests, Mr. Jairam Ramesh.

India-China-Russia Trilateral Conference

The conference was established as a follow-up to the deliberations of the foreign ministers of India, China and Russia that aimed at giving an economic, trade and business content to the ongoing process of strengthening the political relations amongst the three countries. Conference is held once in two years. It was FICCI that coordinated the Indian business delegation to Changchun, China during the last meeting in September 2009.

India-China Joint Economic Group (JEG) Meeting

FICCI coordinated India-China Business Forum Meeting during the recent visit of Mr. Anand Sharma, minister of commerce and industry. In the meeting FICCI also highlighted the issues faced by Indian industry while doing business with China.

Besides, FICCI recently initiated a lecture series on 'Doing business with China' by eminent speakers.

The organization also arranged the Joint Study Group (JSG) of the Government of India with China. FICCI-KPMG paper was also presented on 'Global financial meltdown-Turning crisis into opportunity through enhanced cooperation between India and China'. In yet another development FICCI recently organized a business luncheon meeting with Mr. Hui Liangyu, Vice Premier of PRC, in New Delhi.

Govt revises tax information exchange treaty with 65 countries

Government has approached 65 countries, including Switzerland and tax haven nations, to revise a tax information exchange treaty with them to include fresh details while sharing bank-related information of individuals and other entities.

The finance ministry has initiated the move under the existing Double Taxation Avoidance Agreement (DTAA) as Indian tax authorities are looking to curb illegal stashing of money by individuals and others in foreign shores.

According to top sources in the foreign taxation division of the finance ministry, the government is revising DTAA's to "specifically" provide for information on bank-related information, especially in certain "specific cases".

"The bank-related data will enable Indian authorities to check tax evasion and illegal stashing of money in foreign shores by individuals and some other entities. The details on bank-related information is not properly addressed in the present DTAA," a senior finance ministry officer said.

Under the present tax avoidance treaty, the "Union government may enter into an agreement with the government of any country outside India for exchange of information for prevention of evasion or avoidance of income-tax chargeable under this Act (Income Tax Act) or under the corresponding law in force in that country, or investigation of cases of such evasion or avoidance, or for recovery of income-tax under this Act and under the corresponding law in force in that country."

Government is also in the process of setting up overseas tax units in countries like France, UAE, USA, Britain, Netherlands, Japan, Cyprus and Germany. Two such units in Mauritius and Singapore have already become operational.

Currently, government has DTAA agreement with 65 countries.

India remains Dubai's largest trade partner

By accounting for over 14 per cent of Dubai's imports, India was its largest trade partner in the first four months of this year, figures released show.

"India has the biggest share of the imports of 17.1 billion dirhams, that is 14.8 per cent of Dubai's total imports," said Ahmed Butti, Director General of Dubai Customs.

China came second with 10.1 billion dirhams, followed by the US with 7.8 billion dirhams.

Dubai's exports registered a 14 per cent increase, touching 180.7 billion dirhams between January and April, as compared to 159.1 billion dirhams in the same period last year.

According to the Statistics Department of Dubai Customs, the growth has been recorded in all trade activities including exports, imports and re-exports between January and April.

Indo-Bangla trade can grow significantly: Conclave

India and Bangladesh have a lot of scope for improving bilateral trade and cooperation in the near future, observed delegations from both the countries during a regional cooperation meet in Agartala.

A meeting under the banner of 'Stakeholder Consultation on Indo-Bangla Trade' was held at Pragna Bhavan to review the recent development in trade and investment between the two countries.

Organized jointly by the CUTS International (Consumer Unity and Trust Society) in association with Fredrich Ebert Stiftung (FES), it also highlighted the potential of connectivity and investment involving the two countries, and creating awareness and momentum towards economic cooperation especially between Northeast India and Bangladesh.

About 80 participants from both sides including representatives from business chambers, exporters, investors, government officials, academicians and researchers attended the meeting.

Speaking to ANI on the sidelines of the meeting, Indo-Bangla Chamber of Commerce President, Matlub Ahmed, said: "Following the Prime Minister's (Bangladesh) visit in January lot of things have started moving and new agreements are coming in. The latest of one is the requirement for Tripura the transshipment and transit charges."

"Bangladesh government on June 10 has issued the first SRO on transit-transshipment charges specifying the amount of money for a container or a ton of goods will need to be paid to the Bangladesh government as service charges for moving the goods over Bangladesh to India."

"That's fantastic for Tripura, that's what Tripura was looking for last so many years. I believe this is the biggest achievement that Tripura government could achievement out of Bangladesh and out of the new relation between India and Bangladesh," he added.

Siddhartha Mitra, one of the organizers from CUTS, said: "There have been some forward steps taken in regards to provision of connectivity. We are thinking of transshipment, Bangladesh providing connectivity to Indian good to the rest of the country. So, in short there has are many forward measures been taken."

It was also felt that the relations between India and Bangladesh are headed for better times, and both the countries have entered a dynamic phase of mutual cooperation, which has been triggered by the able and dynamic leaderships of the Prime Ministers of the two countries.

India Inc likely to invest \$100-mn in Ireland

India Inc is increasingly recognising Ireland as an attractive investment destination and around \$100-million investment is expected to be made in the European nation by Indian companies.

"I expect around \$100-million of investment by Indian companies in Ireland over the next 18-months. These will mainly be in the IT, ITeS and financial services sectors," Director India, IDA Ireland Minakshi Batra said in Mumbai.

The IDA is an Irish Government agency for facilitating inward investment into the country and Ireland is giving India a special focus, she said.

In 2008 (figures of which are available presently), Ireland was the number three recipient of Indian investment in Europe at Euro 29-million, she said.

So far, Indian IT, ITeS and pharma companies have invested substantially in Ireland, she said.

Amongst the IT companies, TCS, Patni Computer and HCL have a presence in Ireland while amongst pharma companies, Wockhardt and Ranbaxy have invested there. From other sectors, GTL and Crompton Greaves have a healthy presence in the European nation.

"Now Ireland is laying out the red carpet for Indian financial services companies. A lot of Indian AMCs have evinced a strong interest in having a presence in Ireland," Batra said.

Indo-Russian trade to treble to \$20 bn by 2015

New Delhi and Moscow will increase cooperation in sectors like energy, pharmaceuticals, and IT, among others to triple bilateral trade to \$20 billion by 2015 from the current \$7.4 billion.

The visiting Commerce and Industry Minister Anand Sharmma held discussions with his counterpart Viktor Khristenko to increase trade and economic engagement. They ministers emphasised the importance of continuous level interaction for developing

bilateral economic relations which holds the key to achieving the \$20 billion trade volume by 2015.

"They focused on cooperation in the field of energy, pharmaceuticals, and information technology, among other sectors," an official said.

Sharma said he is looking forward to Russian deputy prime minister Sergei Sobyenin visit to India later in the year to attend the Indo-Russian inter-governmental commission.

India targets \$30 billion trade with South Korea by 2014

India expressed confidence to achieve trade target of 30 billion dollars with Republic of Korea (ROK) by 2014.

Addressing the India - Republic of Korea (ROK) Joint Commission, External Affairs Minister S M Krishna stressed that economic cooperation is the bedrock of India - ROK bilateral relations.

"Bilateral trade has jumped by a robust 70 per cent in the first four months of the year. This trend is expected to continue over the coming months, providing confidence that the trade target of US 30 billion dollars by 2014 can be achieved," Krishna said.

In this context, Krishna pointed out the need for expanded, but balanced trade growth and made a strong case for greater access to the Korean market for Indian pharmaceuticals, IT enabled services and agro-products.

Krishna who is on a three-day official visit to South Korea chaired the joint commission meeting along with his counterpart Yu Myung-hwan.

Both Krishna and Yu Myung-hwan reviewed the implementation of the Comprehensive Economic Partnership Agreement (CEPA) and discussed ways to enhance bilateral defence and security cooperation.

Krishna and Yu Myung-hwan also discussed navy-to-navy cooperation in anti-piracy operations in the Indian Ocean.

Krishna stressed the potential for expanded cooperation in defence production including through transfer of technology, joint ventures and co-production.

Noting that both India and South Korea had exchanged drafts of an Inter Governmental Agreement on Peaceful Uses of Nuclear Energy, Krishna and Yu Myung-hwan agreed to launch negotiations between the two countries, at an early date, for the conclusion of such an agreement.

Krishna proposed that the establishment of the dedicated Joint Science and Technology Fund of US ten million dollars to promote joint research between scientists and technologists of the two countries be expedited.

The Joint Commission discussed details of the "Year of India" in Korea and the "Year of Korea" in India in 2011, including cooperation in showcasing Indian culture and arts in Korea.

Krishna suggested the installation of a bust of Indian poet Rabindranath Tagore at a prominent location in Seoul in 2011, the 150th birth anniversary of the poet.

Both India and South Korea agreed that an open and inclusive Asian regional architecture based on the principles of mutual benefit and shared opportunity is in the interest of both countries.

They agreed to work closely towards this goal within the East Asia Summit framework.

India ready to invest in Russia's pharma sector: Sharma

India Inc is ready to invest in Russia's pharmaceutical sector and the two governments are working on a joint document to this effect, Commerce and Industry Minister Anand Sharma has said.

"They are ready to invest in the Russian pharmaceutical industry, including India-Russia joint ventures. Russia is preparing the list of medicines that it needs, and we are waiting for this list," Sharma said in an interview to Russian news agency RIA Novosti.

Sharma, who is on a three-day visit to Russia, said the future protocol on pharmaceutical production will provide a foundation for bilateral cooperation in this sphere.

"Currently, the Indian and the Russian Governments are working on the protocol. The document will prescribe safety standards for medicines. Recently, we have held talks on this issue. We are eager to sign the document as soon as possible," Sharma said.

The Commerce Minister will attend the St. Petersburg International Economic Forum to be formally inaugurated by President Dmitry Medvedev tomorrow and hold a number of high profile meetings with the Russian officials with focus on fortifying the economic content of the bilateral strategic partnership.

Sharma said India is interested in Russia's mineral resources, metals and fertilisers, but nano- and bio-technologies are also important.

"We are interested in biotechnologies, nanotechnologies and other sciences such as genomics and bioinformatics, because developments in these spheres will make health care more affordable. "We are having discussions with the Russian Academy of Sciences, RUSNANO and the Kurchatov (nuclear research) Institute," Sharma said.

Speaking of energy cooperation, Sharma recalled that ONGC Videsh has made investments in the Sakhalin-1 project and bought Imperial Energy Company, which

produces oil in Tomsk region in Siberia and India expected to develop partnership in the Sakhalin-1 and Sakhalin-3 projects.

He said India and Russia could also fruitfully cooperate in the former Soviet republics of Central Asia, where Moscow has a significant influence. For the first time an India-Russia Business Dialogue has been organised with the framework of St. Petersburg Forum.

Canadian cos upbeat on investment opportunities in India

Canadian firms are increasingly focusing on India as an investment destination, with overall optimism about the entire Asian region on the rise, a new survey said.

According to the 2010 Asian Investment Intentions Survey released by the Asia-Pacific Foundation of Canada, Canadian firms are upbeat about investment opportunities in Asia.

"China may be the economic powerhouse of the region, but Canadian companies are increasingly eyeing the mounting investment opportunities in India," the report said.

There has been a strong rise in interest for investment in India, with 13 per cent of the Canadian companies surveyed favouring the country this year from just eight per cent in 2005, according to the report.

"While China remains the top investment market for Canadian companies, the economic might of the region as a whole is a growing reality that Canadian companies ought to explore and seize. The firms are slowly latching onto these investment opportunities, especially in growing economies in India and South-East Asia," APF Canada President and CEO Yuen Pau Woo said.

Woo said, "This growing interest in India is not surprising, with average real annual growth of 8.75 per cent over the 2003 to 2007 period, India is emerging as an economic heavyweight in the region."

China still remains the top investment market with 21.1 per cent of Canadian firms choosing it, while 13.4 per cent opted for India, 9.9 per cent for South Korea and 9.2 per cent for Japan, the survey noted.

Bright prospects for Indo-South African investment, trade

Indian companies are currently executing projects of the order of \$2 billion in South Africa, said a senior trade official from that country.

Major investors include Tatas (vehicles, IT, ferrochrome plant), the UB Group (beer manufacture, hotels), Mahindras (utility vehicles) and a number of pharmaceutical companies, including Ranbaxy and Cipla, informed Iqbal Meer Sharma, deputy director-general of South Africa's department of trade and industry.

South Africa is an excellent investment destination and also a "gateway" to Africa and African investment and also to the US and European Union, he said. Besides, Indian companies felt the tax regime did not pose a challenge, as it was in line with global tax systems.

"India features among the top 10 countries investing in South Africa, with current investment estimated at \$6 billion, with investments from Tata, Cipla, Apollo, Godrej, Genpact, Aegis, M&M, Ashok Leyland and Aurobindo Pharmaceuticals. IT has emerged as a significant area of Indian interest," Sharma said.

He was speaking to Business Standard on the occasion of a two-day visit here by South African President Jacob Zuma, who is leading a 230-member delegation of ministers and representatives of business and industry. He said Tata Group companies, mainly Tata Steel, Tata Motors and Tata Consultancy Services, had made considerable investments in South Africa. Further, State Bank of India, ICICI and Bank of Baroda are increasing their presence by establishing more and more branches.

President Zuma is scheduled tomorrow to have meetings with Ratan Tata, Mukesh Ambani, Adi Godrej and Jet Airways chief Naresh Goyal. He would also participate in a business session to launch the India South Africa CEO Forum, to be chaired by Tata.

Production Plans

In automobiles, Tata Motors, Mahindra & Mahindra and Ashok Leyland are actively pursuing plans to set up a manufacturing base in South Africa. Tata Motors was keen to produce the Indica, while M&M wished to manufacture tractors and Ashok Leylands for buses to supply to the US, European Union and African countries. "These companies want to take the advantage of the quota-free and duty-free regime of South Africa to make entry into these markets," said Sharma.

Currently, these companies are exporting their vehicles to South Africa and have been in talks with authorities for opening manufacturing units there. Similarly, Maruti is selling cars in South Africa and may consider setting up a factory.

Indian companies have also evinced interest in acquiring coal, iron ore and manganese mines. In April, JSW Energy acquired a majority stake in South African Coal Mining Holdings for securing long-term fuel linkages. Indian companies are looking at the procurement of uranium and nuclear technologies from South African companies, too.

S A firms also keen

On the other hand, South African companies are keen to explore investment opportunities in India in the fields of agro processing and cold chains, tourism, hotel,

the retail sector, iron and steel, organic and inorganic chemicals, fertilizers, gold and diamond. Besides, South African banks, insurance and financial services companies have chalked out India-specific strategies to increase their presence in India. "South African investors will prefer to pursue investments in collaboration with Indian players," Sharma said.

According to Sharma, since 1994, the South African economy has been undergoing structural transformation just as the Indian one had since 1991. "The signing of a preferential trade agreement between the two countries will help increase trade. The agreement is expected to be signed within a year and it will address issues relating to tariff and non-tariff barriers. South African companies feel various states are imposing non-tariff barriers in the form of labelling and health standards," he noted.

Sharma said South African companies must use their capacities to reap benefits from mega investments being planned by India in infrastructure projects. Besides, there is need to promote greater government to government participation. Further, India Inc and South Africa must leverage the India-Brazil-South Africa.

Indo-Italian trade could surpass \$10 billion, says envoy

Trade between India and Italy could surpass \$10 billion with the stability in the global economic recovery, according to Roberto Toscano, the Italian ambassador to India.

On the eve of Italy's national day, Toscano said, "Looking at bilateral trade, volumes have doubled over the last four years and now stand at over \$8 billion. In the last two years, despite the gloomy economic world scenario, Italian exports to India have continued to mark a positive trend, thus showing both the vitality of the Indian market and the strength of 'made in Italy'."

There has been unprecedented commitment on the part of both the governments to establish a truly strategic partnership, and an increased exchange of political visits of the last few months, including the visit of minister of productive activities Scajola and vice-minister Urso in December 2009, minister of environment Prestigiacomo and under-secretary of defence Crosetto in the first months of 2010.

According to Toscano, "During the Joint Economic Commission ministerial meeting which took place in Delhi last December, the priority sectors for future cooperation were clearly identified: food-processing, agro-food business, infrastructure, energy and clean technologies and tourism, in addition to consolidation of traditional fields of exchange such as textiles and industrial machineries. Other areas of cooperation that are emerging include industrial design, science, IT, biotechnology and services."

"Government to government cooperation should establish the framework for an increased interaction between Italian regions and Indian states," he said, adding, "Cluster and district associations are a powerful reality in Italy, and we are eager to assist in forging ties with their Indian counterparts. This synergy can benefit from their mutual experience to create partnerships based on a similar business culture." In this

context, while it would be unfair to deny the 'romantic' flavour that Italy still evokes in the imagination of Indian people, it would be a mistake to overlook the enormous patrimony of technological excellence that...is at the core of our industrial system", he pointed out.

India, Seychelles ink treaty to promote investments

The bilateral investment promotion and protection agreement (BIPA) with India will give a strong fillip to investment in a range of sectors in the Seychelles economy, said Seychelles President James Alix Michel, who is on a three-day tour to India.

Besides inking the agreement on investment, Michel and Prime Minister Manmohan Singh also had discussions on a wide range of bilateral issues, including expanding collaboration in anti-piracy operations.

Security and defence collaboration were the focus area of discussions between the leaders as Seychelles faces persistent threat of piracy that has adversely affected its tourism-centric economy.

The visiting leader said with an improvement in the balance of payments position and the signing of the investment protection treaty, investment opportunities had opened up for India in offshore oil exploration, fisheries, marine and aqua culture projects; renewable energy, eco-tourism projects; spare parts shops and construction material supplies; IT and ICT business and specialised restaurants. There is also scope for collaboration in higher education institutions in Seychelles with Indian universities, he said.

In order to enhance the air transportation connectivity and more frequent business exchanges between the two countries there was an urgent need to establish flights between Indian cities like Delhi, Mumbai and Chennai and Mahe, the President said .The negotiations later this month on the Bilateral Air Services Agreement will lead to greater people to people contacts and tourism.

Refineries process 7.7% more in May, crude and gas output up

In May, the domestic refiners processed 7.7 per cent more crude oil at 13.753 million tonnes (or 3.252 million barrels a day) year-on-year, as most operated at higher capacity to meet the growing demand.

According to a data released by the Petroleum Ministry, the 17 public sector refineries processed 6.7 per cent more crude oil during the month at 9.37 million tonne year-on-year. The private refiners – Reliance and Essar Oil Ltd – processed 10 per cent more crude at 4.383 million tonne in May.

The 17 PSU and two private sector refineries (data of Reliance Industries' second refinery at Jamnagar is not available) in May operated at 104.2 per cent capacity.

Reliance, in its first refinery, processed 3.125 million tonnes of crude oil — higher than the planned target of 2.740 million tonnes. The crude throughput of Indian Oil Corporation (Guwahati, Haldia, Bongaigaon, Barauni, Digboi, Mathura, and Panipat), Bharat Petroleum Corporation (Mumbai and Kochi), Hindustan Petroleum Corporation (Visakhapatnam), and Essar Oil's Vadinar refineries have also exceeded their planned production target during the month under review, the data showed.

Higher production from onshore fields including Cairn India's Rajasthan block continued to push up the domestic crude oil output in May. The crude oil product in May was up 5.8 per cent at 2.945 million tonne (or 696,350 barrels a day) year-on-year.

According to a data released by the Petroleum Ministry, the production from onshore fields in May was up 15 per cent to 1.099 million tonne. The production from Oil and Natural Gas Corporation's (ONGC) fields fell 1.9 per cent to 2.024 million tonne. ONGC's Mumbai offshore fields output fell by 2 per cent at 1.401 million tonnes.

The country's natural gas production rose by 34.4 per cent in May at 4.585 billion cubic metre.

Cement production will rise 10%

Cement production this fiscal year looks set to see a 10 per cent rise, slightly higher than normal, and may touch 300 million tonnes.

The growth rate may prevail for the next three to five years, Mr Sumit Banerjee, Managing Director of cements major ACC Ltd, said.

Housing, infrastructure projects and the nascent trend of concrete roads would continue to accelerate the consumption of cement.

The country produced nearly 270 million tonnes last year and about 230 million tonnes the year before. The domestic sector is put at Rs 1 lakh crore.

The cement industry is pushing for increased use of cement in highway and road construction. Indian roads, at 3.3 million km, are the second largest network in the world.

The Ministry of Road Transport and Highways has planned to invest \$354 billion in road infrastructure by 2012.

At a seminar on concrete roads organised by CII and State Public works Department, Mr Banerjee, the Chairman of CII's Cement Industry Division, said concrete roads make financial and logical sense over the traditional bitumen, which is imported.

The industry said using cement in roads would bring 4 per cent cost saving over bitumen.

Telephone user base touches 653 m

The number of telephone subscribers in India increased to 653.92 million at the end of May-2010 from 638.05 million in April-2010, registering a growth rate of 2.49 per cent. With this, the overall tele-density in India reaches 55.38 per cent. The wireless segment subscriber base (GSM, CDMA & FWP) increased from 601.22 million in April-2010 to 617.53 million at the end of May 2010, registering a growth of 2.71 per cent. Wireless tele-density stands at 52.30 per cent. The wire line subscriber base declined from 36.83 million in April-2010 to 36.39 million at the end of May-2010. BSNL/MTNL, two PSU operators, hold 84.32 per cent of the wire line market share. The overall wire line tele-density is 3.08 per cent. The total broadband subscriber base has increased from 9 million in April-2010 to 9.24 million in May 2010, a growth of 2.67 per cent.

Indian cloud computing market to grow 10-fold: Zinnov

The market for cloud computing in India is expected to grow nearly ten times to \$1,084 million by 2015 from the current \$110 million, as large enterprises - banks, manufacturing and telecom companies – as well as SMBs look to drive IT efficiency with lower costs.

According to the latest report by consulting firm, Zinnov, the current domestic market for software-as-a-service (SaaS) is estimated to be \$66 million, dominated by applications in the areas of collaboration, customer relationship management, enterprise resource planning and e-mail workloads.

The balance \$44 million is platform-as-a-service (platform as subscription for writing applications) and infrastructure-as-a-service (infrastructure on pay-per-use model). “Indian SMBs lack budgets, want business improvement, lack management bandwidth required to manage internal IT and are looking for rapid growth in next few years. For all these, cloud computing is the answer,” Mr Praveen Bhadada, Engagement Manager, Zinnov Management Consulting, said.

Giving segment-wise break-up of the market by 2015, Zinnov said that SaaS in India is likely to reach \$650 million, while PaaS and IaaS markets will cumulatively touch \$434 million.

Zinnov said that sectors such as BFSI, education, healthcare and retail will increasingly rely on cloud computing for a better reach. For instance, with healthcare expenditure increasing in the country, telemedicine, patient record management and hospital productivity will be the opportunity areas for cloud adoption.

Similarly, the retail market where an overwhelming majority of the players are the small ‘mom and pop stores’, the adoption of cloud-based applications (such as mobile-based CRM solutions) is likely to gather momentum. Also, Zinnov believes that e-governance projects will drive significant adoption of cloud computing, across India.

Focus

Already, MNCs and Indian vendors including the likes of Google, Microsoft, Salesforce.com, Webex and TCS are starting to sharpen their focus on the SaaS-based offering that cover a spectrum of IT needs of enterprises – mobile CRM, collaboration, e-mail and ERP. Also Indian start-ups- Sabrix and Impel - are leveraging cloud offerings to tap new customers.

However, while the flexibility with no upfront capital investment makes cloud offerings highly attractive for enterprises, issues related to data security, performance unpredictability and data lock-in are perceived as the key challenges for cloud in India, the report said.

Biotech industry records three-fold growth in 5 years

The Indian biotech industry has grown three-fold in the last five years to touch revenues of \$3 billion in 2009-10. The domestic biotech industry registered a growth of 17% over the previous year, according to a joint study by industry body, Association of Biotechnology Led Enterprises and trade publication Bio-Spectrum said.

Bangalore-based Biocon regained its top position among the domestic biotech companies after four years, recording a revenue of Rs 1,180 crore. The company has registered a year-on-year growth rate of 29.3% to reclaim its lost position. Pune-based Serum Institute of India Ltd, with a revenue of Rs 850 crore, and Delhi-based Panacea Biotech, with a revenue of Rs 703 crore, have emerged as the second and third-largest companies in the country, respectively. The study projects a slowing down of growth for the domestic biotech industry, which, it says, would grow at 20% annually in the next few years.

Pune-based Serum Institute of India, which makes one out of every two vaccines produced in the world, slipped to the second position from the top slot and recorded a negative growth of over 23%. Last year, Serum was the first company in India approached by the World Health Organization to develop and manufacture the H1N1 vaccine to fight the swine flu pandemic. Also, Panacea Biotech which has shown an annual revenue growth of 17% played a key role in eradicating polio by supplying over 6 billion doses of oral polio vaccine to the Government of India and UNICEF.

Within the biotech sector, the biopharma segment contributed nearly three-fifth to industry's revenues at Rs 8,829 crore recording a growth of 12%. This is followed by revenues clocked by bioservices at Rs 2,639 crore and bio-agriculture at Rs 1,936 crore. The remaining revenue came from the bio industrials segment with a contribution of Rs 564 crore and bioinformatics at Rs 231 crore.

With revenues of Rs 6,631 crore, the western part of the country emerged as the biggest contributor to India's biotech sector revenues followed by the southern biocluster contributing Rs 5,538 crore to the total biotech kitty.

The state of Gujarat alone contributed about 8% of the total revenues at Rs 1,100 crore, by registering a growth of about 50%. The Northern biocluster trailed behind by contributing just about one-seventh of the revenues at Rs 2,030 crore.

Autos, FMCG to lead growth in FY11

Profit recovery in India will be led by auto, consumer goods and metal firms this year while credit growth at larger banks is likely to be slow as concerns of rising inflation and monetary tightening loom, analysts said.

Advance tax paid by India's top auto, metals and consumer goods firms jumped in the first quarter of FY11, suggesting robust profits as demand rebounds, while collections from top lenders State Bank of India and ICICI were sluggish.

India's top 100 corporates paid 126.6 billion rupees as advance tax for the quarter, up nearly a fifth from last year.

The positive outlook for companies is also reflected across Asia. A Reuters corporate sentiment survey found that Asian companies were at their most optimistic in five quarters on robust economic growth in the region.

Corporate earnings in FY11 are likely to rise by 26.5 per cent led by banking, petrochemicals, metals, IT and auto, UBS said in a note to clients, adding earnings from cement, conglomerates and telecom are likely to fall in FY11.

"We do believe profit numbers would be good, sector-specific from autos, metals. Advance tax numbers also suggest that smaller banks will do better than bigger ones," said Kunal Dalal, head of research at brokerage KR Choksey.

Gopal Agrawal, head of equities at Mirae Asset Global Investment Management, is overweight on consumer goods, pharma, auto and auto ancillaries. He is also bullish on any gas-related opportunities in India.

"India's per capita consumption is increasing. We see for the next five years consumption will rise by leaps and bounds. In auto, the trend story continues, demand is very strong. Low cost of production and exports will benefit ancillaries," he added.

Advance taxes paid by Tata Motors, Mahindra & Mahindra and Bajaj Auto zoomed several times, pointing towards a sharp recovery, analysts said.

Advance tax numbers are indicative of profits at companies which are required to pay their full-year taxes in installments over four quarters.

In the first quarter, companies are required to pay 15 per cent of their expected taxes - a smaller chunk compared to the rest of the three-month periods.

"(Increase in) advance tax is essentially due to sharp pick-up in the economy and particularly industry," said D K Joshi, principal economist at rating agency Crisil.

Spices export up 7% in 2009-10

Indian spices exports grew by seven per cent and touched 5.02 lakh tonne (lt) in 2009-10, crossing the threshold of five lakh tonne for the first time. Despite the economic slow down in the major consuming countries, spices exports have recorded an all time high in value and volume, Mr V.J. Kurian, Chairman of Spices Board said.

Rupee realisation from spices exports grew by five per cent to Rs 5,560 crore while dollar realisation grew by 0.5 per cent to \$ 1.17 billion last year. Spices exports have exceeded the targets in both volume and value.

Value added products continued to dominate the exports basket with items such as spice oils and oleoresins along with mint products such as mint oils, menthol crystals and menthol powder contributing to 34 per cent of the total export earnings. Chilly contributed 23 per cent followed by cumin with 10 per cent, turmeric seven per cent and pepper six per cent.

Addressing a press conference here, Mr Kurian said the Indian spice and spice products reached more than 140 countries last year, led by US which accounted for 16 per cent, Malaysia with eight per cent, China with seven per cent, UAE with six per cent and UK five per cent. Export of cardamom small hit an all time high last year in both volume and value. The country exported 1,975 tonnes (750 tonnes) of cardamom valued at Rs 166 crore (Rs 47 crore) last year.

Chilly exports

Chilly was the largest spice item exported from India, accounting for 41 per cent of the total volume and 23 per cent of the value. India exported 2.04 lt (1.88 lt) of chilly and chilly powder fetching Rs 1,292 crore (Rs 1,081 crore). The mandatory quality testing of chilly and chilly products has made Indian chilly more acceptable in the international markets and helped to achieve higher level of exports. Traditional buyers like Malaysia, Sri Lanka, Bangladesh and Indonesia were active in the market. However, export to Pakistan fell drastically to 175 tonnes as against 22,375 tonnes last year.

Export of turmeric hit an all time high in terms of value this year. Although there was a nominal fall in volume to 50,750 tonnes (52,500 tonnes) the value realisation moved up smartly to Rs 381 crore (Rs 249 crore). The average price during the year shot up to Rs 127, up from Rs 92 last year. India is the largest turmeric exporter in the world and the increasing demand for medicinal and cosmetic purposes is expected to drive up demand in future. Major buyers were UAE (6,675 tonnes), Iran (4,225 tonnes) Bangladesh (4,120 tonnes), Malaysia (3,955 tonnes) and Japan (3,150 tonnes).

Seed Spices

The export of seed spices has shown an increase in both value and quantity. Export of seed spices like cumin, coriander and fennel recorded all time highs in terms of value during last year. Seed spices accounted for 29 per cent of the total volume and 18 per cent of the value of spices exports. The major export markets were Pakistan (10,700 tonnes), Malaysia (8985 tonnes), UAR (7175 tonnes) and Saudi Arabia (4200 tonnes).

The export of processed spices such as curry powder, spice oils and oleorsins, mint products and spice powders accounted for 53 per cent of the total value. During last year 14,300 tonnes of curry powder and blends valued at Rs 189 crore were exported registering an increase of eight per cent in volume and 16 per cent in value.

The export of curry powder hit an all time high in both quantity and value. UK was the largest importer of Indian curry powder and spice blends and accounted for 22 per cent or 3,100 tonnes, followed by Saudi Arabia (1,455 tonnes), UAE (1260 tonnes) and USA (1,200 tonnes).

Domestic air traffic up 22% in May

The domestic airlines flew 47.85 lakh passengers in May, an increase of almost 22 per cent over the number carried in the same period in the previous year.

The number of passengers flown in May is the highest reported in a month by the domestic industry during the calendar year.

The latest data released by the Directorate General of Civil Aviation (DGCA) show that except for Kingfisher Airlines and Paramount, the other six airlines flew more passengers compared with the same period in the previous year.

Seat factor

The industry reported a seat factor of over 77 per cent indicating that there were fewer empty seats on the aircraft being operated. While NACIL (I) reported a seat factor of 77.8 per cent, the low-cost airline IndiGo reported the highest seat factor of 92.3 per cent.

The higher seat factor reported by the domestic industry was primarily due to the tourist season, the DGCA statement adds.

Jan-May figures

The data show that during January-May, the airlines flew 208.26 lakh passengers, an increase of 22 per cent over the 170.66 lakh registered in the same period of the previous year.

Gems and jewellery exports up by 31.24 pc

Gems and jewellery exports rose by 31.24 per cent to USD 2.46 billion in May on the back of jump in shipments of cut and polished diamonds.

Exports from the world's largest supplier of gems and jewellery were valued at USD 1.87 billion in May 2009.

Cut and polished diamonds exports grew to USD 1.79 billion in May, up 73.44 per cent from the previous period, according to the data by the Gems and Jewellery Export Promotion Council (GJEPC), the apex body of the sector.

Gems and jewellery, the number one contributor to the country's total export basket (at about 16 per cent), saw a reversal in its fortunes after demand revived in the Western markets from November 2009. Exports were hampered severely due to the economic meltdown, which had started in September 2008.

With the recovery in global markets, the demand for gems and jewellery has seen a rise not only in traditional markets, but also new ones like Russia, China and Latin America.

The UAE is the main destination for Indian gems and jewellery, accounting for 31 per cent of the total exports, followed by Hong Kong and the US.

The gems and jewellery exports sector employs about 13 lakh people.

In April the export shipments had almost doubled to USD 2.56 billion from the previous year.

The shipments during the first two months of the current fiscal totalled USD 5.6 billion, up 57 per cent year on year.

Govt likely to corporatise 12 major ports soon

The government is considering to provide greater autonomy to 12 top state-owned ports by converting them into corporates to help them compete better with international players.

“About ports, there have been some proposals for corporatisation, but it is not disinvestment. It is conversion of the legal entity structure to corporate structure,” said Shipping secretary K Mohandas.

He, however, said a final decision is yet to be taken. The shipping secretary said the government would prefer a “landlord” pattern for corporatisation, under which the corporate body will own the port, while the services will be leased out.

“Ideally, a landlord structure has been recommended...the corporate entity will own the port property and the actual operations would be leased out,” he added.

Once the structure is changed, the ports will have the freedom to set tariffs that will help them compete with foreign and Indian private ports better.

India has 12 state owned ports—Kolkata, Paradip, Visakhapatnam, Ennore, Chennai, Tuticorin, Cochin, New Mangalore, Mormugao, Mumbai, JNPT and Kandla—which handle over 500 mt of cargo annually.

Indian chip market to grow 35% in 2010

The Indian semiconductor industry is expected to make a strong recovery, growing 34.7% in 2010 to \$7 billion, market research firm Gartner has said. Growth in the industry dipped to just about 4.5% in 2009 to \$5.2 billion from 15-20% of the previous years as the slowdown took hold.

The market this year will be driven by the data processing segment, besides communications. Data processing is expected to generate 35% of overall revenues, up from 31% last year because of increasing local assembly of flat panel monitors, desktops, laptops and smart cards. Laptops could be the biggest growth area, Ganesh Ramamoorthy, principal research analyst at Gartner, told FE. The communications segment can decline from 49% in 2009 to 45% this year because of pricing pressure.

The Indian semiconductor story somewhat mirrors the global turnaround in the industry. Semiconductor revenues globally is forecast to reach \$290 billion in 2010, a 27.1% increase from \$228 billion in 2009.

Analysts said market conditions have improved across regions and most of the product categories. “Sequential semiconductor growth has been very strong over the last five quarters, well above seasonal norms, and manufacturing capacity is tight,” said Bryan Lewis, research vice-president at Gartner.

“Chip revenue growth is clearly outpacing system revenue growth and that is a concern. Gartner’s new semiconductor forecast has below-average growth in the second half of 2010 as we are anticipating a minor correction to realign semiconductor sales with electronic system sales. Even with this minor correction, we are still expecting very strong growth and record semiconductor sales in 2010,” he added.

Gartner has now raised production forecasts for PCs, mobile phones, automotive and select consumer products. The PC and mobile phone markets will account for about 40% of the global semiconductor market’s growth in 2010. In the PC market, average selling prices (ASPs) of processor are firming up and revenues from it are now expected to grow 15.5%,the firm said.

Gartner said the semiconductor market is on track to cross the \$300 billion mark in 2011.

India tops energy-efficient cement production

With some of the plants operating at the lowest energy consumption levels, the Indian cement industry has become a forerunner in energy-efficient cement manufacturing in the world, according to yet to be released FE-EVI Green Business Survey 2009-10.

The survey will be released in New Delhi on World Environment Day, June 5. The highlight of the event will be the presentation of FE-EVI Green Business Leadership Awards 2009-10. The event is being organised jointly by The Financial Express and Emergent Ventures India, a climate change & sustainable development advisory firm, in association with knowledge partner Indian School of Business, Hyderabad.

Elaborating about the initiatives taken up by companies, FE-EVI Green Business Survey 2009-10 quotes numerous examples. For example, ACC Cement is producing power from waste gases generated during production process. Also, the company is actively involved in wind and hydro power procurement. As far as cutting down on energy consumption is concerned, Shree Cement is reducing CO₂ emissions through energy efficiency and use of alternative low-carbon fuel and renewable energy.

JK Cement, which is ISO certified, is using alternative fuels and power from waste, biomass and wind. Also, the company is actively involved in emission reduction through partial substitution of fossil fuels with recyclable alternates in cement manufacturing. Similarly, Dalmia Cement (Bharat) Ltd is taking measures related to energy efficiency, streamlining of processes, and use of alternate/new technologies.

Companies are also taking other initiatives to minimise their ecological footprint. These include substitution of fossil fuels used in cement kilns by fuels derived from waste, installation of waste heat recovery system, modification of the composition of cement by using cement constituents which require less energy to produce than cement clinker

Besides, cement companies have become innovative and come up with Eco-Cement, which has a reduced environmental impact as compared to conventional cement. It sets and hardens by sequestering CO₂ from the atmosphere and is recyclable.

All these initiatives are being taken by first establishing separate departments for environment protection, safety, ISO 14001 certification and disaster management. The industry is also involved in Voluntary Environmental Initiatives (VEI) such as monitoring of ambient air quality, waste water quality, safe disposal of hazardous waste such as hospital bio-medical waste, waste oil and grease, and regular monitoring of safe working practices.

Consumer durable industry witnesses 30% growth

The Indian consumer durable industry is witnessing a growth of 30 per cent owing to increase in summer sales which further lead to highest growth of 50 per cent in sales of refrigerators and air conditioners.

According to a statement from Consumer Electronics and Appliances Manufacturers Association, (CEAMA), the last quarter also saw phenomenal sales especially of displays which include conventional flat panel displays (PDPs, LCDs and flat screen TVs). The industry also witnessed a 40 per cent growth in home appliances business.

Y V Verma, President, CEAMA, said, “The consumers nowadays prefer to use devices and products in-built with smart technology and design innovations which are more advanced that makes their life easy and consume less time. The consumers not only focus on the functional benefits of the products but also on the aesthetics added with the product.”

The Indian consumer durables industry has witnessed a considerable change over the last few years. Changing lifestyle, higher disposable income coupled with greater affordability, boom in the real estate and housing industry and a surge in advertising has been instrumental in bringing about a sea change in the consumer behavior pattern.

CEAMA expects increase in sale of consumer electronics during festival season. The Southern India will witness a considerable increase in sale from July onwards owing to Onam, one of the main festivals in Kerala. Also, the industry foresees the upcoming FIFA world cup as a huge opportunity to contribute to a significant rise in TV sales. With the onset of monsoon season it is predicted that demand for washing machines will also increase.

The industry has also witnessed some interesting upcoming trends. Due to early advent of summer, March and April saw an unprecedented sale of AC. Earlier, most households used to buy a single AC. Now, on an average, there are two to three air conditioners per home.

Consumers are more aware of energy efficient appliances as they are proactively asking for star-rated refrigerators and air conditioners. The demand for LCD televisions is also huge as consumers are replacing CTVs for an LCD or LED. Rural markets and small towns have shown promising demand for durables. There are pockets of prosperity in rural India that are drivers of rural growth.

Over 1 mn .com, .net domain names in India

India has registered a total of 1.037 million .com and .net domain names, according to the latest Domain Name Industry Brief (DNIB) by VeriSign.

The first quarter of 2010 saw over 193 million domain name registrations across all the Top Level Domain Names (TLDs) — an increase of 11 million domain name registrations as compared to the first quarter of 2009. New .com and .net registrations were added at an average of 2.7 million per month in the first quarter of 2010 for a total of 8.1 million new registrations in the quarter, reveal the findings of the first quarter of 2010 DNIB.

The report also spotlights a new study by the Information Technology and Innovation Foundation (ITIF), that gauges the commercial impact of the internet, in conjunction with the 25th anniversary of the first .com domain name registration.

It estimates that the annual global economic benefits of the commercial Internet equals \$1.5 trillion — a figure that eclipses the global sales of medicine, investment in renewable energy, and government investment in R&D, combined.

ITIF also estimates that, assuming ecommerce continues to grow just half as fast as it grew between 2005 and 2010, then by 2020, it will add \$3.8 trillion to the global economy.

Although online commerce is becoming commonplace worldwide, it's still more popular in some countries than others.

In assessing 30 nations, ITIF found Denmark, Sweden, the United Kingdom, and the United States lead the rest of the world in shopping, selling, and doing business online.

External Sector: Foreign Trade April-February 2009

Region/Country	Export		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	170388.5	156277.4	-8.3
Africa	10556.3	9388.5	-11.1
Egypt	1224.1	1076.3	-12.1
Ghana	399.4	339.9	-14.9
Kenya	835.6	769.5	-7.9
Mauritius	255.5	186.8	-26.9
Nigeria	1376.0	1162.3	-15.5
South Africa	1367.3	1252.1	-8.4
America	25219.1	21713.1	-13.9
Brazil	1480.6	1306.5	-11.8
Canada	1269.3	1001.9	-21.1
USA	19513.0	16774.0	-14.0
Asia (excl. Middle East)	40362.5	39897.6	-1.2
Bangladesh	2216.3	2089.4	-5.7
China	8384.9	9565.3	14.1
Hong Kong	5976.7	6763.2	13.2
Indonesia	1814.3	2048.5	12.9
Japan	2626.7	2106.1	-19.8
Korea DPR (North)	300.2	121.8	-59.4
Korea Republic	1597.5	1671.4	4.6

(South)			
Malaysia	3217.0	2230.2	-30.7
Nepal	905.6	877.8	-3.1
Pakistan	1232.2	1352.1	9.7
Philippines	665.1	640.3	-3.7
Singapore	4437.7	4159.8	-6.3
Sri Lanka	1542.9	1370.1	-11.2
Taiwan (Taipei)	793.9	592.2	-25.4
Thailand	1764.8	1487.2	-15.7
Viet Nam	1551.4	1591.9	2.6
Middle East	27721.2	25861.3	-6.7
Iran	1323.9	1490.4	12.6
Israel	1286.7	1195.8	-7.1
Kuwait	692.6	692.7	0.0
Oman	659.0	701.7	6.5
Saudi Arabia	3410.9	2561.0	-24.9
Syria	340.7	299.8	-12.0
UAE	17896.6	17169.9	-4.1
Yemen	372.9	335.8	-10.0
Europe	36079.3	29939.9	-17.0
Belgium	4108.5	3043.5	-25.9
France	2651.3	2365.8	-10.8
Germany	5776.2	4800.4	-16.9
Italy	3535.8	2995.0	-15.3
Netherlands	3095.5	2568.4	-17.0
Russia	985.1	868.4	-11.8
Spain	2222.0	1800.4	-19.0
Turkey	1293.3	1231.1	-4.8
UK	5779.5	5373.7	-7.0
Oceania	1616.5	1478.9	-8.5
Australia	1323.0	1211.5	-8.4

Region/Country	Import		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	283636.9	250744.1	-11.6
Africa	9761.1	8041.1	-17.6
Algeria	108.2	25.6	-76.3
Angola	8.8	5.0	-42.8
Egypt	542.5	259.3	-52.2
Libya	0.5	9.7	1997.1
Nigeria	78.2	78.9	0.9
South Africa	5257.5	4895.6	-6.9
America	23223.8	18967.0	-18.3
Brazil	1073.3	2016.8	87.9

Canada	2338.2	1852.1	-20.8
Chile	1376.7	753.9	-45.2
Mexico	749.5	289.8	-61.3
USA	16655.8	13096.8	-21.4
Asia (excl. Middle East)	72935.7	66833.3	-8.4
China	30136.8	27541.0	-8.6
Hong Kong	5647.2	4098.1	-27.4
Indonesia	5997.9	7220.4	20.4
Japan	6991.5	5908.9	-15.5
Korea Republic (South)	7523.1	6544.0	-13.0
Malaysia	3597.5	3112.8	-13.5
Singapore	5106.6	4269.7	-16.4
Taiwan (Taipei)	2226.6	2185.2	-1.9
Thailand	2316.9	2491.5	7.5
Middle East	20316.6	17118.7	-15.7
Iran	1032.4	978.1	-5.3
Iraq	46.7	42.1	-9.9
Israel	1943.5	1685.5	-13.3
Kuwait	377.1	281.4	-25.4
Oman	530.6	499.4	-5.9
Qatar	571.6	460.3	-19.5
Saudi Arabia	1491.2	1487.0	-0.3
UAE	12471.7	10700.2	-14.2
Yemen	8.8	10.8	22.0
Europe	57600.1	49969.0	-13.2
Belgium	5175.3	5636.9	8.9
Finland	1133.8	935.3	-17.5
France	4158.6	2660.8	-36.0
Germany	11222.6	8921.3	-20.5
Italy	3984.4	3413.5	-14.3
Netherlands	1739.5	1391.2	-20.0
Norway	1012.1	583.2	-42.4
Russia	3877.0	2666.5	-31.2
Spain	939.4	968.2	3.1
Sweden	1807.8	1460.2	-19.2
Switzerland	11241.7	12196.2	8.5
Turkey	621.4	476.3	-23.4
UK	5476.0	3815.4	-30.3
Oceania	11063.0	10909.7	-1.4
Australia	10408.5	10328.5	-0.8