

Monthly Economic Analysis Fortune 2008

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Macro Economic Developments

Industrial Growth :

During the phase of demand contraction in the global market industrial growth is bound to suffer. Acute moderation in industrial growth started in September 2008, and although in November 2008 growth picked up but it was half of what was recorded in the same month of previous year. Growth in output of all the three main sectors namely manufacturing, mining and electricity slowed compared to the previous year.

The stimulus packages brought out from time to time have shown some impact on the industrial climate. Yet, it is still early days to comment on how the stimulus measures would work on the ground. It seems that the industry will take some more time to absorb the feeders.

Going by the use based classification we see negative growth being posted by the capital goods segment. The remaining segments, the basic and intermediate were saw growth decelerating in November 2008.

Growth in the consumer durables segment surpassed the growth rate recorded in the previous year. Higher growth in production could be on account of higher expected sales during the approaching festive season.

Few sectors that posted a surge in output were food products, beverages and tobacco, jute, textiles, rubber, non-metallic items, and basic metals sectors.

Monsoons and Agriculture:

In 2008-09 the food grain production may fall short of the target 233 MT for 2008-09, as the received rainfall is 32% below the normal (cumulatively, Oct 2008 to December 2008) during the Northeast monsoon season. Further, rainfall received during the southwest monsoon season too has been moderate.

Core Infrastructure Industries:

The laggards among the six core infrastructure industries in November 2008 included finished steel, crude petroleum, petroleum refinery and power. Growth was seen to accelerate in November 2008 in the coal sector compared to the corresponding period of previous year.

Inflation Trends:

The headline inflation rate dropped to an average of 6.5% in December 2008 compared to 8.66% posted in the same month of previous year. The falling oil prices mainly contributed to softening of inflation.

However the concern over rising prices still remain with prices of some articles such as food, textiles, wood products, paper products and basic metals getting dearer.

Monetary Indicators:

In y-o-y terms (growth calculated from April- December 2008 over the same period of previous year) an upward revision in the (M3) money supply was done to 19% and data for December shows M3 exceeding the target.

In December 2008 money supply expanded by 10.6% compared to that of 11.7% (calculated December 2008 over March 2008) in the same month of previous year. The expansion in M3 in December was lower but close to previous year's growth.

Government borrowings and credit received by the commercial sector grew substantially compared to the previous year. Our foreign exchange assets have begun to decline. Aggregate deposits have slowed in comparison to the growth in the previous year, however, investments were seen to scale up in the government and approved securities.

Stock Market Trends:

The stock markets and the prices of the scrips are at the all time low. On one hand the when the investors mainly the FIIs are shying away from the markets there is another category of investors that maintained the investment tempo as they viewed investments during weakness in the market an opportunity for greater returns in future. There has been a slight increase by 5 percentage points in the sensdex in December 2008.

Fiscal Management:

Revenue collections from the tax sources slowed to 9.6% as against the collection rate of 27% recorded in the previous year. The percentage share of direct and indirect taxes remain intact, however, the rate of collection was observed to decline in both the segments. Perhaps the months in the last quarter of 2008-09 will see some surge in rate of collection.

By the end of 8 months the fiscal deficit got even worse. The were some off budget liabilities on account of fertilizer, food and oil, along with some other unbudgeted

liabilities due to loan waiver, announced schemes and six pay commission, could amount to 8% of the GDP in 2008-09. By November 2008 the revenue collection was 62% of the target compared to 73% achieved in the same period of previous year and expenditures were found to be much ahead of the target.

Foreign Trade:

Data on Indian exports show merchandise exports in the de-growth mode as a result of financial crises leading to a demand crunch world over. In USD terms, October and November 2008 witnessed negative growth while in Rupee terms exports growth suffered a slowdown compared to the previous year.

Capital Inflows:

The impact of the global economic turmoil is also seen in India's long-term investments. Data on foreign direct investments shows gradually falling direct investments with inflows received being quite low in November 2008 at USD 1083 million.

Foreign Exchange Reserves:

There has been more than US\$ 60 bn drain out in forex reserves from its peak of US\$ 315 bn reserves primarily due to efforts of RBI to aid Rupee from declining further against the other major currencies and also due to feed the forex-starved Indian banks overseas.

Trends in Exchange Rates:

Despite the intervention of the central bank it was a struggle to maintain the level of Indian Rupee value against the major foreign currencies within a certain range. In December 2008 the exchange rate between Indian Rupee and USD remains steady within the range 49-50 against the US dollar.

Lead Stories of the Month

India continues to top Gartner's list of 30 offshoring destinations

India and China continue to hold their ground as the leaders for offshoring services, says Gartner. The research and advisory firm, has assessed 72 countries as offshore locations to announce its Top 30 destinations.

The analysis showed that the dynamic nature of the market has seen a number of countries position themselves as credible alternatives to the BRIC countries (Brazil, Russia, India and China).

Ten countries from Asia Pacific were represented in the 30 leading countries. These included the undisputed leader in offshore services — India — and the greatest challenger in terms of potential scale — China, said the report. The rest are a mix of mature environments that offer limited cost benefits such as Australia, New Zealand and Singapore and emerging countries with a variety of challenges, but attractive costs such as Malaysia, Pakistan, the Philippines, Thailand, and Vietnam.

“Countries such as Mexico, Poland and Vietnam have continued to strengthen their position against leading alternatives, while others have forced their way into the ‘Top 30’,” said Ian Marriott, research vice president at Gartner.

Although only seven countries from the Americas appeared in the final list of 30, these countries are becoming an attractive proposition for the largest buying market for offshore services – the US. Only Canada was rated "excellent" for language (with fluent English and French) but Latin American countries are able to leverage their Spanish-language skills increasingly in the US.

The final list of 30 countries included 13 from EMEA and for the first time saw two North African countries enter the leading countries in EMEA.

Locations such as Ireland, Israel and South Africa fared well for language skills, because of the quality and quantity of English-language speakers.

During the last 12 months, there has been significant activity in many countries to consolidate or grow their positions as leading locations for offshore services. As a result, four countries leaving the ‘Top 30’ this year were Northern Ireland, Sri Lanka, Turkey and Uruguay. The new entrants into the 30 leading countries for offshore services were Egypt, Morocco, Panama and Thailand.

Govt cuts excise duty, offers sops for key export sectors

In a bid to minimise the impact of the global economic slowdown on the Indian economy, the Government unveiled a “multi-dimensional” fiscal stimulus package that is expected to help boost output across sectors and stoke growth.

The measures include an additional Plan expenditure of up to Rs 20,000 crore this fiscal, an estimated excise duty give-away of Rs 8,700 crore, a 2 per cent interest subvention for the labour-intensive export sectors and steps for improving the financing environment for infrastructure projects.

“We will make special efforts to ensure that not only the additional expenditure of Rs 20,000 crore is spent this year, but even what has been budgeted is actually spent to support the growth of the economy,” the Deputy Chairman of the Planning Commission, Mr Montek Singh Ahluwalia, told.

On the excise duty front, the Government has effected an across-the-board cut of 4 percentage points in the ad-valorem cenvat for the remaining part of the current fiscal on all products other than petroleum and those where the current rate was below 4 per cent. Prior to the latest change, the three main ad-valorem excise rates applicable on non-petroleum products were 14 per cent, 12 per cent and 8 per cent.

FDI norms for foreign publications notified

Having recently allowed the publication of Indian editions of foreign news and current affairs magazines, the Government has today notified guidelines.

A foreign direct investment ceiling of to 26 per cent will be applicable to the publishers of these magazines defined as ‘a periodical publication brought out on non-daily basis containing public news or comments on public news’.

The entity publishing the edition will have to be an Indian company registered with the Registrar of Companies under the provisions of the Indian Companies Act, 1956. The verification of the title of the publication and its registration will have to be done with the Registrar of Newspapers for India (RNI) under the Press and Registration of Books Act, 1867 and as per current procedure.

At least three fourths the Directors on the Board the Indian entity, all key executives and editorial staff would have to be resident Indians. The other requirements include that the proposed publication have been published continuously for a period of at least five years with a circulation of at least 10,000 paid copies in the last financial year in the country of its origin.

India, Russia ink nuclear deal; nine other agreements

India and Russia strengthened their ties further by inking 10 agreements, including a pact on civil nuclear cooperation and decided to intensify their cooperation in combating terrorism.

The agreements signed in the presence of Prime Minister Manmohan Singh and Russian President Dmitry Medvedev were in diverse areas ranging from space and

defence to finance, human space programme and tourism. The new Russian President is accompanied by a host of officials and businessmen from various state-run and private agencies and companies.

Describing the agreement on civil nuclear cooperation as a “new milestone” in bilateral relations, Singh told a joint press conference with Russian President who is on a three-day visit,” The signing of the agreement on civil nuclear cooperation with Russia marks a new milestone in the history of our cooperation with Russia in the field of nuclear energy.”

Under the agreement, Russia will build four additional atomic reactors in the Kudankulam nuclear plant in Tamil Nadu. Russia agreed in January 2007 to help India in the construction of four energy blocks at the atomic plant in Kudankulam and nuclear power plants at new sites in India.

Separately, OAO Tvel, the Russian nuclear-fuel monopoly, agreed to deliver fuel worth \$700 million to other Indian power stations.

Singh, after signing a joint declaration with Medvedev, said both the countries have taken “yet another step forward” through joint action in human space flight programme.

Russia’s space agency signed a new document with ISRO on cooperation in space exploration, which includes plans to send two Indian astronauts to space on board a Russian Soyuz spacecraft in 2013.

Observing that both countries have decided to increase the trade volume to \$10 billion by 2010, Singh said they discussed the possibilities of greater cooperation between Indian and Russian companies, both in upstream and down stream sectors.

The two leaders also discussed military cooperation, including technology transfer, T-90 tanks and “issues concerning creating and selling or leasing nuclear powered submarines.”

The two countries signed accords on the sale of 80 MI-17V-5 helicopters to India and cooperation in areas including space exploration, financial markets and tourism.

Sino-India trade increases 69%

Sino-India bilateral trade continues to grow by leaps and bounds, with the trade value in the first half of calendar year 2008 hitting the \$29 billion mark, recording a 69% jump over the corresponding period last year, trade sources said.

India and China are on course to raise bilateral trade to \$60 billion by 2010, which was the target set by the Prime Ministers of both the countries in 2005.

Bilateral trade in calendar year 2007 stood at \$38.65 billion, registering an increase of 56% over the previous year. China's trade with India is growing at a faster rate than China's trade with any other major trading partner.

"Even if the growth rate in India-China trade slows down to 25% annually from the current rate of over 50%, bilateral trade between them will be almost \$75 billion in 2010 and \$225 billion in 2015. It is as large as China-US trade just three years ago," Worldex India Exhibition & Promotion Pvt Ltd director Rajesh Bhagat said.

To tap this growing business opportunities between India and China, the sixth China Products (Mumbai India) Exhibition 2008 is being organized from December 10 to 12, in Mumbai. An extensive range of products varying from industrial to consumer goods would be displayed by more than 100 exhibitors from various provinces of China.

With western countries in the throes of a recession the two Asian giants—India and China, both of whom have a huge domestic economy—are coming closer than ever before and are likely to become the most important trading partners for each other before 2015, he said. More than \$5 billion worth of contracts are signed by Chinese companies for implementation of infrastructure projects in India during the first three quarters of 2007. This was also the highest value for contracts signed by China with any other country in this time period.

For India, China is a bigger trade partner than Japan, the US, or the entire world. For China, India is already one of its top trading partners only after Japan and USA. Of course, China's trade with India is growing much faster than with any of the other country making India an increasingly important trading partner for China, he added.

Pharma sector sees rise in export turnover this fiscal

The Indian pharmaceutical sector reported an export turnover of \$1.5 billion in the previous financial year. It is expected to grow in the current fiscal. At present, the sector meets almost 95% of the country's needs, according to industry reports.

"The exports turnover of the Indian pharmaceutical market is expected to grow in the coming years, but exactly how much we do not know," said Soumitra Deb, chief research manager, East India Pharmaceutical Works Ltd. He was talking to reporters on the sidelines of a seminar on the role of intellectual property rights (IPR) in the pharmaceutical industry. The Kolkata patent office and the Indian Chemical Council organised the seminar.

Deb also spoke about how the foreign companies had monopolised and dominated the Indian drug market till 1980s-90s.

SK Mitra, assistant controller of patents & designs, ministry of commerce & industry, govt of India, said 32,000 patent applications were received across four patent offices in the country during 2007.

In the same year, 15,000 patents were granted on different technologies. "Granting of patents is increasing every year. Patents are received for sectors like telecommunications, textiles, biotechnology, mechanical, pharmaceutical, etc," he said.

When asked about the pharma sector, he said, "Of 15,000 patents granted last year, around 15% belong to the pharma sector."

AC Banerjee, corporate advisor--research & development, East India Pharmaceutical Works Ltd, said: "Innovations and inventions in this sector must be protected as intellectual property right."

IPR has become important in the face of changing trade environment that is characterised by the features like global competition, high innovation risks, short product cycle and high investments in research & development, said Sharmistha Ghosh, examiner of patents and designs, Kolkata patent office.

60% of mobile users in rural India by '12: E&Y

Rural India too prefers mobile phones over landlines. Of the next 250 million Indian wireless users, approximately 100 million (40%) are likely to be from rural areas, and by 2012, rural users will account for over 60% of the total telecom subscriber base, according to a report jointly released by Confederation of Indian Industries (CII) and Ernst & Young.

As per Trai figures, subscriber additions in rural areas exceeded additions in the metros. In the first nine months of 2008, the four metros together added 10.3 million subscribers, while the rural areas added over 11.3 million.

Mobile phones in rural India also grew by close to 13.72% to reach 70.83 million in the quarter-ending June 2008.

This is expected to continue till 2012, according to the CII and Ernst and Young analysis. "The majority of new wireless subscribers will emerge from circle B and circle C," said Ernst & Young telecom analyst, Prashant Singhal.

While the overall teledensity in India is over 30%, in rural areas the figure languishes in single digits. CII predicts the number of subscriber addition in rural areas to exceed the additions in metros by 2012 with about 120 million new users expected to adopt wireless telephony in rural areas compared to about 62 million in the metros.

With over 300 million mobile subscribers, India is the second largest market, after China, in terms of subscribers. By 2012, the total telecom subscriber base is expected to shoot up to include about 700 million subscribers, of which about 650 million will be wireless users.

8 Indian supercomps in world's top 500 list

Hewlett Packard (HP), the world's biggest maker of personal computers, said that a total of eight entries in the list of top IT service megavendors | Putting IT to work 500 supercomputers are from India and six out of the eight entries are from HP. Among vendors, HP leads the list with a 41.8 % share of the systems, followed by IBM (37%), Dell (4%) and Cray (4%).

Supercomputer Eka, a HP-based system with a performance of 132.8 teraflops (floating point operations per second) has been ranked at number 13. Eka belongs to the Tata Group's Computational Research Laboratories.

The rankings are released twice a year by researchers at the Universities of Tennessee and Mannheim, Germany, and at NERSC Lawrence Berkeley National Laboratory. The HP-based Param cluster of the Centre for Development of Advanced Computing has been ranked 68th.

The other supercomputers by HP from India are for an industrial research company (334), a research agency (428), IIT-Madras (436) and Paprikaas Interactive Services (478).

The two other supercomputers from India out of the eight in the list include IBM's eServer Blue Gene Solution for Indian Institute Science ranked at 213 and a supercomputer for Digital Media Company (G) ranked at 481.

IBM's Roadrunner has been ranked as number one in the list. The system, only the second to break the petaflop barrier, posted a top performance of 1.059 petaflops. One-petaflop represents one quadrillion floating-point operations per second.

Indian securitisation market solid amidst global meltdown: Crisil

A study by Crisil reveals that the retail securitisation market in India is better placed than it is in many other countries, notably the US. The size difference notwithstanding, the Indian market-which is less than one-hundredth the size of the US market-has shown greater stability, with few rating downgrades, and zero losses on investor payouts.

Crisil believes that the relative stability is because of the superior profile of the assets securitised in India, and because the financial instruments created out of the securitised assets in India are far less complex than those in developed markets.

Investors in securitised paper in India have no reason to fear crippling losses of the kind that have hit their US counterparts. The most significant factor characterising securitisation in India is the robustness of the underlying retail assets. Unlike in the US, there has been no securitisation of 'sub-prime' housing loans in India.

The loans that have been securitised-principally loans for commercial vehicles, cars, two-wheelers, and (to a limited extent) homes-were made on the strength of the earning capacity of the either the assets or the borrowers. Thus, unlike the US market, which turned out to be vulnerable to residential property price movements, the securitisation market in India is relatively immune to asset price fluctuations.

'Foreign trade policy to continue beyond March 2009'

The five-year foreign trade policy that lays ground rules along with incentives and disincentives for conducting imports and exports has been extended beyond March 2009 to enable the new government to give its policy direction to the country's external engagement.

The Foreign Trade Policy (FTP), which was unveiled by the UPA government on September 2004, was to expire on March 31, 2009.

"It must be because of elections. They (government) will not be announcing any new policy as such and the current policy will continue," trade policy expert Arun Goyal said.

India's foreign trade has seen a sharp growth in the last five years. Exports during 2007-08 grew by 22.9 per cent from 126 billion dollars in the previous fiscal, while Imports went up from 185.7 billion dollar in 2006-07 to 235.7 billion in the last fiscal.

Goyal said extending validity of the policy would assure exporters of continuity. "The same holds good for the Budget," he said.

India-Spain Investment and Business Co-operation

The Economic and Commercial Counsellor of Spain in New Delhi, Teresa Solbes elaborated on the objectives of the India-Spain Investment and Business Co-operation Forum and explained how the Spanish economy has emerged as one of the most dynamic within the EU and the investment potential of India.

Spain has emerged as one of the most dynamic countries within the EU and has become the 8th largest economy of the world due to a growth exceeding 4 per cent during 1997-2000. In spite of the global downturn, it still maintained a favourable evolution (3.8 per cent) in 2007.

Spain has diverted its attention to the international markets, a factor which has fostered the imports and exports in recent years. The country is now ranked 17th as merchandise exporter and 11th as an importer. When the services sector is included, Spain ascends to become the 5th exporter and the 8th importer.

The country is also the 5th largest investor in the world and Spanish companies are leading players in several fields such as renewable energies and environment, desalination, machinery, transport infrastructure, architecture and engineering design, biotechnology, aerospace, tourism and finance.

The bilateral commercial relations between India and Spain have an enormous potential. For the period 1997-2007 the bilateral trade grew by 337 per cent, reaching 2,929.4 million Euros in 2007.

Spanish investment in India has been heterogeneous, coming from both small and medium enterprises and Spanish multinationals that are involved in important projects and are trying to consolidate its presence for future expansion in the country. These companies have targeted India as a potential destination due to its enormous market size, and also as a base to enter the Southeast Asian region.

The India-Spain Investment and Business Co-operation Forum, presently on at the Taj Mahal Hotel in Delhi will be the perfect catalyst to creating some very good and profitable business partnerships between the two countries. The Forum is a free matchmaking event where Indian companies will have the opportunity to meet and discuss mutual business opportunities with a delegation of Spanish companies. These companies are seeking to establish joint ventures, strategic alliances, know-how transfer agreements or mere investment partnerships in the Indian market.

The two-day event commenced on December 11 with an opening ceremony that was co-chaired by Kamal Nath, Minister of Commerce and Industry of India and by Miguel Sebastián, Minister of Industry, Tourism and Trade of Spain. During these two days, the Spanish companies will have one-to-one meetings with key senior level executives from the Indian companies selected.

We have identified several sectors with profitable outcomes from which Spanish companies can benefit. These sectors have been selected because of the market size, employee qualifications, development programs, and the level of competitiveness of the Spanish companies. The companies are mainly looking for partners compatible in size and segment for mutually profitable alliances.

More IT projects likely to come India's way: PWC

At a time when customers in the US are battling with economic recession, they will send more information technology projects to India, in order to bring down their costs of operations, according to a study done by Offshoring Research Network (ORN), in alliance with Duke University and research firm PricewaterhouseCoopers.

"Enhancing efficiencies has become more urgent in recent months as pressure on margins forces companies to increase productivity while spending less," said Arie Lewin, professor of strategy and international business at the Duke University.

Almost forty of the 100 companies interviewed as part of the survey said that they plan to put pressure on service providers for more favorable contract terms in order to trim costs. "Many companies are asking vendors to bear the upfront costs of a contract, and are even seeking longer project implementation periods," Mr Lewin added.

Experts such as Hari Rajagopalachari, executive director of PricewaterhouseCoopers said the cost of acquiring new business will go up as customers demand more investments from the vendors.

India makes it to the global 3G map

Prime Minister Manmohan Singh put the country on the global 3G map when he launched the services on state-owned Mahanagar Telephone Nigam's (MTNL) networks in Delhi.

The 3G platform will enable telcos to offer high-end services such as high-speed Internet, video conferencing on mobiles, interactive gaming, ultra fast downloads of video and music clips amongst other services. The PM also witnessed for sometime a live telecast of the India-England Test match on a mobile handset using 3G services.

MTNL also became the first teleco in India to launch these high-end services, which it has christened 'Jadoo'. But the commercial launch of 3G will happen in January '09. MTNL executives present in the event said the PM had only kicked off the 'soft launch' and that some parts of central Delhi would have free access to these services during the test phase.

MTNL does not want to charge for these services during the soft launch phase as it wants customers to first experience 3G services. "We will also launch 3G in Mumbai by the end-of January," MTNL CMD RSP Sinha told. MTNL offers mobile services in Delhi and Mumbai. Mr Sinha said that MTNL was yet to take a call on the 3G tariffs. "It depends on the amount of data usage. Our 3G pricing cannot be different from existing prices across the world. The pricing will be affordable, sustainable and likeable to all," he said. The company will invest Rs 400 crore to set up 3G networks across Delhi and Mumbai and hoping to add 200,000 subscribers on this platform.

State-owned BSNL will do a soft launch of its 3G services by the end of December, its CMD Kuldeep Goyal told. All other telecom companies will have to wait a lot longer for launching these high-end services. This is because, auction for the radio frequencies on which 3G services work is slated to take place in early 2009.

"After the auction, the government will have to give us spectrum. We will take six months from the date of allotment of spectrum to launch 3G services. Bharti hopes to launch commercial 3G services by 2009-end," Manoj Kohli, CEO and Joint MD, Bharti Airtel said. The government had given 3G radio frequencies to both MTNL and BSNL ahead of the auctions.

India to emerge as global innovation hub: Evalueserve

With India aiming to increase its research and development expenditure in the coming years, the country is likely to emerge as the next global hub for innovation and join the club of developed nations, a study has said.

The country is expected to strengthen its position in the innovation space as it is targeting to increase its R&D spend to two per cent of the GDP by 2012 under the 11th Five-Year Plan, from less than one per cent, as per a study conducted by global research and analytics firm Evalueserve.

"The move will catapult India to the league of developed nations that spend 2.5 per cent of their GDP on R&D, on an average," the study titled 'R&D Ecosystem in India' by the British and Canadian High Commissions in India said.

Angel investors and venture capitalists have an important role in the commercialisation process, given the limited availability of funding for early stage companies and innovators, the study pointed out.

Further, venture capitalists are also providing a lot of late-stage funding and the number of private equity/venture capitalist deals in late-stage funding rose to 104 in 2006 from 33 in 2005.

The R&D ecosystem in the country comprises of various supporting infrastructure, government departments, research organisations, funding institutions and industry associations.

The scenario becomes feasible as the government is focusing on public-private partnerships, such as knowledge parks and incubator programmes, to promote commercialisation, transfer and diffusion of technology, it added.

India's iron ore exports double in November

The country's iron ore exports doubled to about nine million tonnes in November as against 4.13 million tonnes in October, mainly due to better demand from Chinese steel mills.

As per a data compiled by Federation of Indian Mineral Industries (FIMI), the total quantity of iron ore shipped in November was 8.74 million tonnes, against 4.13 million tonnes in October.

"Iron ore shipments witnessed an increase last month mainly due to a surge in demand of the raw material from China," FIMI Secretary General R K Sharma said.

Chinese steel makers were blending high cost iron ore bought from miners such as BHP Billiton and Rio Tinto with that obtained from Indian producers to cut cost, he said.

Even as the country's iron ore export registered 100% jump in November, on a year-to-year basis it declined 13.68%.

For the April-October period, iron ore exports fell 12.82% to 50.80 million tonnes. Sharma, however, said the downward trend may soon be overcome as the cut in export duty on iron ore on December 7 may soon see more quantities being shipped from the country.

"It may become possible to maintain the gradual increase iron ore exports. The downward trend would be a passe," he said.

Earlier this month, the government scrapped 8% export duty on iron ore fines, while reducing it to 5% from the previous 15% on lumps as part of the multi-billion dollar stimulus package to boost demand.

By the end of last fiscal, India exported about 104 million tonnes of the iron ore, of which 88% went to China.

Services ind maintains growth: FICCI

Amid the prevailing global economic scenario, the services industry has managed to maintain growth momentum, though at a lower rate, according to a FICCI survey. The growth registered in the increase in the number of wireless subscribers, internet subscribers, earnings of the railways through passenger and freight traffic, foreign tourists are some of the categories that have posted a reasonable growth during April-November 2008 as compared to the previous fiscal, said the FICCI survey on services industry.

The report notes that the number of wireless subscribers during April-November grew by almost 50 per cent as compared to 58 per cent during the last fiscal. Internet subscribers numbers too surged, posting a 26 per cent increase as against the 20 per cent, it recorded last year. The highest surge has been in the number of broadband subscribers, which jumped almost 87.7 per cent during April-November this year as against 23.6 per cent previous year.

"Although the slowdown is expected to make a further dent in the growth of some segments of the services sector, given its overall contribution of 63 per cent to GDP, the services sector growth is expected to help maintain a healthy GDP growth this fiscal," the chambers has said.

Among the other service industry sectors that continued to grow were railway earnings through passenger traffic which stood at 12.2 per cent, marginally lower compared to

the 14 per cent last year. Railway earnings through freight increased to 15.7 percent during this fiscal up to November, up from 14 per cent that it recorded last year. Franchising, exchange earnings through foreign tourists, entertainment and media industry, software services are few of the other sectors that posted between 10-16 per cent growth.

According to the survey the sectors that grew in single digit were cargo movement by roads, air, ports, retail trade amongst others. However, the sectors which saw a negative growth included air passenger traffic, fixed line subscribers, insurance premium and assets mobilised by mutual funds.

'Indian economy still second fastest growing in the world'

The Indian economy continues to remain the second-fastest growing economy in the world, a top economist said.

"India's economic fundamentals are quite robust and its economy remains the second-fastest growing one in the world," the Prime Minister's Economic Advisory Council's Chairman Suresh Tendulkar told.

India was not experiencing a recession as other advanced economies and its economy would not be affected to the same extent as some other emerging Asian economies, he said.

On MSMEs, Tendulkar said that the present economic slowdown would test the strength of the sector.

"Rising interest rates in the recent past has further accentuated the credit crunch for MSME entrepreneurs," he said.

According to him, the financial meltdown in advanced economies "has been very serious".

"The depth of recession in advanced countries has been greater than anticipated a few months back," Tendulkar said, adding that export-linked sectors in India "are bound to be affected much more than anticipated earlier owing to the depth of recession in advanced economies".

He described the foreign exchange reserve position in the country as "comfortable" despite FII outflows causing some depletion.

The current account deficit, would be well within limits, but it might be wider than in the earlier years, he said.

Gold up 15% in Oct-Nov, gleam back in investors' eyes

It may not be all glitter for diamond- and gem-studded jewellery vendors, but the last leg of 2008 has brought a shine to the bullion, bars and pure-gold jewellery with domestic demand for investment in gold growing by as much as 15% in the last two months, according to data compiled by the World Gold Council (WGC).

"With other investment avenues like stocks, mutual funds (MFs) and banks falling, some by even 70% in a year, investment in gold has climbed the demand graph by 14-15% in October and November," WGC vice-president Shivaram. The total tonnage of demand is said to be 18% higher than that recorded in the previous year. Coincidentally, this is roughly proportionate to the 15% appreciation that investment gold currently offers year on-year. "The lion's share of demand came from investment in gold," Shivaram said.

Levels of demand touched \$10.7 billion, double the previous year's levels. Meanwhile, specialisation in diamond- and gem-studded jewellery and pure-gold jewellery has created a clear divide between north and south Indian gold markets. "For example, while gem and diamond export units in north India are integrated to US and European markets which are most hit by the economic meltdown, in south India there is a 'buy or invest in gold' wave," said Chennai-based jeweller Princeson Jose.

Indian entrepreneurs more optimistic about growth: Study

The Indian entrepreneurial community is optimistic about the conduciveness for commencement and growth of their ventures in the country, even as markets are evolving and adjusting to new realities, a latest report says.

"Indian entrepreneurs are confident about their ecosystem. On a scale of 5, where 1 reflected an extreme poor state; 3 an average one and 5 an excellent state, entrepreneurs have scored India at 3.31," according to a perception study released jointly by consultancy firm KPMG and The Indus Entrepreneurs (TiE) titled "Entrepreneurial India". The report further added that "the Indian entrepreneur today is optimistic, willing to take risks and is prepared to accept failure. India is on an entrepreneurial growth trajectory. The beginnings are already in place and steps have been taken in the right direction."

According to the entrepreneurial India state-level confidence index, Andhra Pradesh has the highest confidence score of 4.14 and is much above the national average of 3.31. The other states that are ranked above the national average of 3.31 include -- Goa, Rajasthan, Maharashtra, Gujarat, Tamil Nadu and Punjab. Meanwhile, Chandigarh, Karnataka, Madhya Pradesh, Uttar Pradesh, Haryana, Kerala, West Bengal and Delhi were rated below the national average.

Elaborating further the survey said the perception of various states differed drastically, as entrepreneurs in a mature ecosystem have higher expectations which might lead to low scores on some parameters and vice-versa.

External Sector: Foreign Trade April- July

Region/Country	Export			Import		
	US \$ million		% change	US \$ million		% change
	2007-08	2008-09	2008-09	2007-08	2008-09	2008-09
World	48131.0	64977.1	35.00	74823.1	105872.0	41.50
Africa	4776.8	5664.8	18.59	7103.3	9251.7	30.24
Egypt	433.8	784.6	80.87	431.8	793.6	83.80
Ghana	446.6	132.0	-70.44	1.0	113.2	10811.16
Kenya	359.0	548.8	52.88	630.7	879.6	39.47
Mauritius	346.8	643.1	85.43	699.7	281.4	-59.78
Nigeria	308.6	403.7	30.43	2621.6	3346.5	27.65
South Africa	936.4	728.2	-22.23	1390.1	1586.8	14.15
America	8179.8	9822.2	20.08	6540.6	10390.5	58.86
Brazil	535.2	1092.3	104.08	341.0	373.1	9.40
Canada	391.5	447.6	14.34	558.7	599.0	7.20
USA	6503.0	6897.6	6.07	735.9	787.8	7.06
Asia (excl. Middle East)	13794.0	20497.1	48.59	282.1	476.0	68.77
Bangladesh	625.8	1039.6	66.13	3849.6	5489.8	42.61
China	2579.7	3463.0	34.24	21319.4	29164.2	36.80
Hong Kong	1817.7	2140.7	17.77	8139.0	11530.6	41.67
Indonesia	568.0	945.6	66.49	905.0	661.3	-26.93
Japan	1054.5	1025.9	-2.71	1532.7	2086.6	36.14
Korea DPR (North)	289.5	561.4	93.89	1934.2	2879.6	48.87
Korea Republic (South)	716.4	1338.3	86.82	1841.9	2682.4	45.63
Malaysia	497.3	1030.2	107.18	1942.5	2776.8	42.95
Nepal	418.2	587.9	40.58	2310.6	3051.5	32.07
Pakistan	538.8	613.3	13.83	821.0	1069.5	30.27
Philippines	170.0	279.1	64.13	753.5	882.2	17.09
Singapore	1999.1	3963.0	98.24	18621.3	32812.5	76.21
Sri Lanka	802.8	1091.2	35.92	3215.2	4642.8	44.40
Taiwan (Taipei)	680.9	650.2	-4.50	1690.8	3712.5	119.57
Thailand	442.7	764.8	72.77	575.0	606.0	5.39
Viet Nam	310.9	556.5	78.99	1941.0	4007.4	106.46

Middle East	9354.8	12642.1	35.14	273.0	546.9	100.31
Iran	960.2	984.2	2.50	653.7	1328.5	103.23
Israel	476.8	583.0	22.27	4998.2	9157.3	83.21
Kuwait	213.6	25.8	33.77	4440.5	6741.6	51.82
Oman	244.1	270.0	10.63	463.4	445.7	-3.82
Saudi Arabia	1109.8	2277.1	105.18	17758.7	20881.6	17.59
Syria	151.8	122.9	-19.03	1843.5	1357.5	-26.36
UAE	5279.7	7024.9	33.06	290.5	338.9	16.63
Yemen	519.9	382.8	-26.36	710.6	1007.9	41.85
Europe	11566.3	15580.3	34.70	2948.9	4006.2	35.85
Belgium	1378.1	1670.9	21.25	1070.8	1819.9	69.96
France	778.1	1109.8	42.64	521.3	693.8	33.10
Germany	1549.4	2053.1	32.51	203.7	346.0	69.83
Italy	1266.3	1446.5	14.23	626.7	1186.5	89.33
Netherlands	1273.2	2361.5	85.47	293.1	343.6	17.25
Russia	261.3	424.5	62.48	758.4	746.6	-1.55
Spain	704.8	1065.4	51.16	4875.8	4592.6	-5.81
Turkey	510.9	613.4	20.05	632.3	823.4	30.23
UK	2053.0	2217.8	8.03	1665.8	1714.0	2.89
Oceania	357.5	552.4	54.52	3390.1	3244.3	-4.30
Australia	298.0	444.2	49.07	3206.8	2980.5	-7.06
