

Monthly Economic Analysis Fortune 2008

Date: June 2008

Contents

1. **Macro Economic Developments** **Page 1-4**
 - *Industrial Growth*
 - *Core Infrastructure Industries*
 - *Inflation Trends*
 - *Monetary Indicators*
 - *Fiscal Trends*
 - *Stock Market Trends*
 - *Foreign Trade*
 - *Foreign Exchange Reserves*
 - *Capital Inflows*
 - *Trends In Exchange Rates*

2. **Lead Stories of the Month** **Page 4-14**
 - *India fourth most attractive investment destination: Survey*
 - *3 Indian cities among world's top centres of commerce*
 - *India signs DTAA with Luxembourg*
 - *Indo-Pak farm trade to touch \$2 billion*
 - *Indo-China trade to surpass \$ 60 bn before 2010*
 - *India-Sharjah trade touches \$2 billion in 2007*
 - *Telecom, power, core sectors see 30% rise in PE deals*
 - *May jewellery exports rise by over 36 pc*
 - *Indian leather industry making presence felt globally*
 - *Oilmeal, soybean meal exports up in May*
 - *Car, two-wheeler sales go up in May*
 - *Indian textile industry on the upswing*
 - *Govt issues Press Note 7 incorporating changes in FDI policy*
 - *KPMG: India preferred over US, Japan for foreign investment*
 - *FDI inflow up 127 per cent in April 2008*
 - *Real estate FDI inflow up nearly five-fold*

3. **Foreign Trade Statistics** **Page 14-15**

Macro Economic Developments

Industrial Growth:

Industrial growth released by CSO for the month of May 2008 stood at 3.8% (lowest in 6 years) compared to 11.6% growth recorded in the previous fiscal. The slowdown was mainly on account of manufacturing sector that recorded a 3.9% growth in May 2008 in contrast to 11.3 % recorded in the corresponding month of the previous year. The industrial growth for April 2008 was revised from 7% to 6.2%

In the light of development taken place in the recent past, particularly the tightening of monetary policy by the RBI and incessant increase in the raw material prices including the prices of oil and oil products GDP growth is likely to moderate in the present fiscal. **We expect the GDP growth in the year 2008-09 to be in the range of 7.5-8%**

In May 2008, growth in 4 of the 16 specific industry sectors was higher than the growth recorded in the same month of 2007. These 4 sectors included beverages & tobacco, wool, silk and man made fibre, paper and chemical products. Production of food, jute, wood, paper, rubber and metals products slipped in May this year compared to the same month of previous year.

Core infrastructure industries:

The overall infrastructure industry grew at 3.5% in May 2008 as against 7.8% growth posted in the corresponding month of the previous year. Acceleration was only seen in the case of crude oil and coal sector and the rest recorded slowdown in production growth compared to the corresponding month of 2007

Inflation Trends:

Average inflation recorded during 2007-08 was 4.66% lower than the average inflation rate computed for 2006-07. In the year 2007-08 dearer food articles mainly contributed to high inflation. The government later imposed ban on few essential commodities and employed fiscal measures to check high inflation (caused due to manufactured items).

Following the recent increase in the price of petroleum products, inflation crossed the double-digit level and is presently ruling at a high of 11.9 % for the week ending June 28 2008. Inflation at double-digit levels is likely to continue for the next few months before it starts receding following the recent fiscal and administrative measures taken by the government. The bumper agri production in 2007-08 and its repeat performance in 2008-09 will have a salutary impact on the food grain prices. **As the year progresses we expect that average inflation for the year 2008-09 would be in the range of 8-8.5%.**

Inflation recorded from April-June (3rd week) 2007-08 averaged at 8.9% compared to 5.4% in the corresponding period of last fiscal.

Monetary Indicators:

The recent policy measures taken by the RBI to control the excess money supply and arrest consumption and investment led demand include increasing the CRR and repo rate (rate at which commercial banks borrow from the central bank). The step has been taken due to worries over high inflation. The increase in the repo rate was seen from 8% to 8.5% and CRR increased by 50 basis points, 8.50 % from July 5th and 8.75 % from July 19th this year. The resetting in CRR may lead to an upward revision in PLR (making borrowings costly) and also increase the rate of interest of deposits.

Growth in money supply has picked up recording 21.2 % increase in the last week of April 2008 on y-o-y basis, it touched 22.5% in May end and slowed to 20.7% by the end of June 2008. Growth in M3 on 20th June 2008 remains lower when compared with the growth in the corresponding month of the previous year.

Marginal slowdown in the government borrowings was found in June 2008 whereas picked in the case of commercial sector borrowings. The burden of non-monetary liabilities rose sharply during the month by 82.8% over a negative 5% in the same period of previous year (on a y-o-y basis).

Fiscal Trends:

Government provisional accounts for the last fiscal show total expenditure slightly in excess of the targeted amount, mainly due to the non-plan category. However, total receipts surpassed the targeted receipts for 2007-08 keeping the fiscal deficit

at 90.4 % of the targeted figure for the year and thereby showing an improvement in the fiscal situations in 2007-08 over the previous year.

Collection from direct tax sources accounted for 50% to the tax kitty in 2007-08. Growth in the gross tax collections fell to 24% in 2007-08 from 29% recorded in the previous year. Increase was mainly seen in the tax collected from the income sources. 17% of the gross tax came from the customs and 20% were brought in from the union excise sources.

Stock Market Trends:

FII have limited their role in the Indian stock market, observed in since February 2008. The meltdown in indices is seen across the stock markets. The representative 30-stock index Sensex climbed 20K in January 2008 before descending to 14K in June this year. Series of factors from sub prime to recession in US to the ongoing issue of oil price increase have kept the investors at bay.

Downplay of the domestic economic indicators like slowdown in country's industrial growth due to oil price rise, inflation etc. were the additional factors forcing the investors to stay away from the Indian stock market.

Foreign Trade:

Merchandise exports of USD 200 billion for the 2008-09 has been targeted. Last year mainly saw Rupee's battle against the USD, where Rupee turned in a manner that was disadvantage the exporters. Since April 2008 Rupee against USD recoiled in favor of exports however it also raised the import bill concerns at a time when oil prices are at its peak.

During the April - May period of this fiscal merchandise exports recorded a growth of 21.7% in USD terms over the 20.3% rise recorded in the same period of previous year. Imports however slowed to 31.7% during the two-month period against the 33.0% growth recorded in the previous year.

Foreign Exchange Reserves:

Total foreign exchange reserves have declined since May 2008 by about USD 3 billion. In May countries forex stood at USD 312 billion. The alterations observed in

reserves are due to dollar selling by the central bank and revaluation in the currencies. However no change was observed in the GDR/ SDR, value of gold and reserve tranche position in the IMF.

Capital Inflows:

Total foreign investment received in April 2008-09 was USD 2869 million, of which USD 3749 million was received as foreign direct investment diluted by negative portfolio investments (outflow) of USD 880 million, leaving the total investments at modest level.

Trends in the Exchange Rates:

The equation between Rupee and USD for June 2008 brought relief to Indian exports. From June 2nd to June 27th 2008 Rupee traded against the USD at 42.8-averaged monthly and recorded a low of 42.97 and a high of 42.24 during the month. INR vis-À-vis Euro during the above given period averaged at 66.5.

Lead Stories of the Month

India fourth most attractive investment destination: Survey

India has been rated as the fourth most attractive investment destination in the world, according to a global survey. The survey conducted by Ernst and Young found the South Asian country being preferred after China, Central Europe and Western Europe in terms of prospects of alternative business locations and the criteria that drives the perceptions of respondents.

While China received 47 per cent votes, Central Europe and Western Europe got 42 per cent and 33 per cent votes respectively, says the survey of 834 respondents across the world. With 30 per cent votes, India emerges ahead of the US and Russia, which receive 21 per cent votes each.

3 Indian cities among world's top centres of commerce

Reflecting the growing global economic clout of the Asian region, three Indian cities -- Mumbai, New Delhi and Bangalore have been ranked among the 75 top centres of commerce in the world.

According to a study titled 'MasterCard Worldwide Centres of Commerce Index', London has been ranked as the most influential city in the world in the 75 cities index.

However, it stated that future appears to belong to Asia and Eastern Europe, whose cities represent the fastest rising regions within the index.

The index is an annual research initiative designed to evaluate and rank how major cities compare in performing critical functions that connect markets and commerce around the world.

"The booming Chinese and Indian economies have clearly continued the shift of economic power to Asia. The strong presence of Asia/Pacific, Middle East and Africa cities is further evidence of the growing influence of the region not just in manufacturing and services, but also in broadly based commercial strength," the report stated.

This year, three Indian cities have been ranked in the index of 75 cities with Mumbai at the 48th position, New Delhi at 61 and Bangalore at 66th place, the report revealed.

New Delhi and Bangalore are new additions to the index this year which was extended from 50 cities last year to 75 cities in 2008, while Mumbai, which had been ranked at the 45th place in 2007, has fallen three positions this year.

India signs DTAA with Luxembourg

India entered into an agreement with Luxembourg, a member of the European Union, for the avoidance of double taxation and prevention of tax evasion.

Double Taxation Avoidance Agreement (DTAA), which also aims at promoting economic cooperation between the two countries will come into effect from the date of notification, said an official statement.

It is expected to benefit the manufacturing and airline companies of Luxembourg having linkages with India. India and Luxembourg have been discussing a DTAA for the last 10-15 years. Negotiations for the DTAA have been on for the last five years.

For India, the agreement will cover income-tax and wealth tax and surcharges, while in the case of Luxembourg it would cover the income tax on individuals, corporation tax, capital tax and the communal trade tax, said the statement.

India already has the double taxation avoidance agreements with over 70 countries.

The DTAA provides for taxation of dividend, interest, royalties and fees for technical services both in the country of residence as well as the country of source.

However, the rate of tax in the country of source shall not exceed 10 percent of the gross amount of payment in case the beneficial owner of the payments is a resident of the other Contracting State.

The Agreement was signed by Chairman, Central Board of Direct Taxes R S Mathoda and Luxembourg's Ambassador Marc Courte.

Indo-Pak farm trade to touch \$2 billion

India and Pakistan would attempt to increase the basket of commodities for bilateral trade when the commerce secretaries of both sides meet in August 2008. "We have already liberalised 30% of our tariff line for facilitating imports from India. We have imported a number of items from India and exported cement," said the visiting commerce secretary of Pakistan, Syed Asis Shah.

Over the last few years, there has been a healthy growth in bilateral trade between the countries. The trade is projected to touch \$2 billion in 2007-08. "This increase in bilateral is in favour of India. We need to address the para-tariff and non-tariff barriers imposed by India for ensuring a level playing field," said deputy chairman, Planning Commission in Pakistan, Salman Faruqi.

Indo-China trade to surpass \$ 60 bn before 2010

Indo-China trade would surpass \$ 60 billion well before the target year 2010, consulate general of People's Republic of China in Kolkata Mao Siwei said.

Speaking at the Indian Chamber of Commerce on 'India-China Economic Partnership: Role in Globalised World', Siwei said in the first four months of the current year, the bilateral trade had already touched \$ 18.8 billion. At this growth rate, trade would be well in the region of \$ 56 billion for the whole year, he said.

The revised target for the trade between India and China has been set at \$ 60 billion. Siwei said that China was becoming the biggest trade partner of India. Comparing the relative advantages of the two countries, he said that while India was stronger in services, software and financial services, China was so in the fields of hardware and manufacturing. According to him, both the countries could harness the respective advantages and become an economic superpower. Siwei said that several Chinese companies were showing interest in coming to India, particularly to West Bengal.

India-Sharjah trade touches \$2 billion in 2007

India has emerged as the top trade partner of the emirate of Sharjah in the United Arab Emirates (UAE) with bilateral trade valued at 7.3 billion dirhams (\$2 billion) in 2007.

According to figures released by the Sharjah Economic Development Department (SEDD), India was followed by Japan at 3.5 billion dirham (\$953 million) and China at 2.3 billion dirham (\$626.2 million).

Earlier this month, India's Consul General in Dubai Venu Rajamony, releasing trade figures between India and the northern emirates of Sharjah, Ajman, Fujairah, Umm Al Quwain and Ras Al Khaimah, said total non-oil trade between India and Sharjah in 2007 was estimated at \$2.1 billion, an increase of 10.5 percent from \$1.9 billion in 2006.

UAE's northern emirates fall under the jurisdiction of the Indian consulate in Dubai. Quoting figures released by Sharjah Customs, he said imports into Sharjah from India in 2007 stood at \$1.8 billion, a rise of 5.9 percent from the previous year.

Exports, including re-exports from Sharjah to India, totalled \$300 million in 2007, a rise of 50 percent from 2006.

The consul general said Dubai led all other emirates in this Gulf nation in non-oil trade with India. Non-oil trade between India and the emirate of Dubai touched a record \$19 billion in 2007, a rise of 74 percent from \$10.9 billion of the previous year.

According to the SEDD figures, Sharjah's foreign trade grew by a record 47.5 percent in 2007 from the previous year, amounting to \$11.8 billion in revenues.

An SEDD statement attributed this growth to increased revenues resulting from import and re-export activity.

Import revenues of the emirate jumped by 41.3 percent to \$7.2 billion in 2007, up from \$4.6 billion in 2005 and \$5.1 billion in 2006.

Transit and re-export trade revenues grew by a substantial 62.7 percent to reach \$4.5 billion in 2007, up from \$2.8 billion in 2006.

Telecom, power, core sectors see 30% rise in PE deals

Even as private equity (PE) investments in India are witnessing a slowdown this year, sectors such as telecom, infrastructure, power and healthcare in the country are recording a robust deal flow in terms of deal size.

According to industry experts, these sectors have witnessed a 30% growth in terms of deal size this year with the average deal being pegged at \$36 million in these sectors compared to \$28 million during the same period last year.

"PE investments in telecom, infrastructure and power sectors in India have seen robust growth in the last couple of months as they primarily cater to the domestic audience and are not dependent on the US market," said Venture Intelligence CEO Arun Natarajan.

Telecom, healthcare and energy have seen the largest number of deals in 2008. Already eight PE deals have been signed in the past five months worth \$1.2 billion in the telecom sector compared to just two deals worth \$ 18 million during the same period in 2007.

Similarly, the energy sector witnessed 11 deals worth \$990 million as against two deals worth \$45 million in the first five months of 2007, while healthcare registered 19 deals worth \$425 million in 2008. The share of PE deals in other sectors such as IT/ITeS, auto-components, commodities and textiles have dropped due to the global slowdown.

According to Venture Intelligence, the average deal size of the export-led sectors has decreased from \$30 million in 2007 to \$24 million in 2008. PE investors are now turning to sectors that primarily cater to the domestic market.

Among headline deals, Providence Equity picked up 20% in Aditya Birla Telecom for \$640 million this year, while Farallon Capital and LN Mittal-led LNM India Internet Ventures invested \$395 million in Sophia Power Company, a subsidiary of India bulls Real Estate, in February.

May jewellery exports rise by over 36 pc

Indian gems and jewellery exports rose by over 36 per cent to 1.8 billion dollars in May from 1.3 million dollars in the same period last year, the Gem and Jewellery Export Promotion Council said.

The bulk of shipments were gold jewellery, which increased almost 50 per cent at 416 million dollars, compared to 278 million dollars during May 2007, a Gem and Jewellery Export Promotion Council (GJEPC) data revealed.

Gold jewellery is largely exported to the US and UAE. A significant rise in demand from Hong Kong pushed exports of cut and polished diamonds by 42 per cent at 1.2 billion dollars, while rough diamonds also spiked at 51.64 million dollars, it said.

According to data, India shipped 32.87 lakh carats of cut and polished diamonds and 25.60 lakh carats of rough diamonds. Coloured gems, mainly exported to the US and Thailand, increased by 48.46 per cent to 34.13 million dollars last month. Meanwhile, exports during the first two months of the current financial year stood at 3.5 billion dollars, up by 33.27 per cent from the previous year. During 2007-08, gems and jewellery shipments stood at 20.88 billion dollars.

Indian leather industry making presence felt globally

The Indian leather industry, especially the footwear segment, is making a mark globally even as China, dominating the low-cost segment, struggles to keep production costs under control.

American buyers are now looking at India, as traditional Chinese suppliers witness a major increase in input costs, said representatives of the Indian Footwear Components Manufacturers' Association (IFCOMA) at the launch of the Footwear Machinery and Technology exhibition.

According to them, India's leather goods exports, especially of the footwear segment, is increasing. Although the second largest producer of footwear in the world, it lags far behind China in exports.

"The total export of leather goods stands at \$2,982 million in comparison to a meagre \$290 million in 1956-57," says Michael Duck, senior vice-president of the Asia Pacific Leather Fair Ltd.

In comparison to China's 900 million pairs, India exports just 100 million pairs to earn \$1,210 million, but is looking at doubling exports in the next five years.

According to Duck, India accounts for 2.65 percent of the world trade in leather and leather goods. But with the government setting an export target of \$7 billion for the year 2010-11, the country is all set to emerge as a major player in the world, he said.

Oilmeal, soybean meal exports up in May

Exports of oilmeals during May 2008 have doubled to 4.73 lakh tonne compared with 2.35 lakh tonne in May 2007 on good demand from Vietnam and South Korea.

The overall export of oilmeals for April and May 2008 was reported at 11.11 lakh tonne compared to 6.71 lakh tonne, up by 66% over the same period last year.

During the review period, Vietnam showed a quantum jump in import of oilmeals from India at 3.10 lakh tonne compared to 2.71 lakh tonne in the same period last

year which consist of 2.55 lakh tonne of soybean meal, 11,750 tonne of rapeseed meal and entire 42,725 tonne of rice bran extractions from India, according to the data prepared by the Solvent Extractors' Association of India (SEAI).

South Korea reported import of 1.92 lakh tonne compared to 1.54 lakh tonne of last year that consist of 1.07 lakh tonne of rapeseed meal and 21,925 tonne of castor seed meal.

The export from Kandla was reported at 6.96 lakh tonne (63% share), followed by Mumbai, which handled 1.92 lakh tonne (17%), Bedi port 1.17 lakh tonne (11%), Kakinada 65,250 tonne (6%) and Vizam 39,775 tonne (4%).

Due to record output and demand abroad, the export of soybean meal in the country has recorded an increase of whopping 151% during May 2008.

Meanwhile, according to Soyabean Processors Association of India (SOPA), the exports of soybean meal exports during May 2008 rose to 3.06 lakh tonne as against 1.21 lakh tonne achieved during same period last year.

The exports during the April - May 2008 also registered a big 142% hike compared to the same period last year. The soybean meal export grew to 8.56 lakh tonne as compared to 3.53 lakh tonne during the period, a SOPA statement said.

Similarly, the exports during the period October 2007 - May 2008 was 4.8 million tonne as compared to 3.1 million tonne, registering a 30.97% growth over the same period last year.

There has been significant increase in exports of soybean meal to countries like Vietnam and Japan. The exports were placed at 1.04 million tonne to Vietnam as against 7.3 lakh tonne achieved last year, showing a growth of 43.13% and 6.9 lakh tonne to Japan as against 4.08 lakh tonne recorded last year, an increase of 71.20%.

Car, two-wheeler sales go up in May

Even as the price hike announced by the top three passenger carmakers takes effect this month, car sales for the last month generally showed an upward trend. Maruti Suzuki, which enjoys about 50 per cent share of the Indian car market, grew by 16 per cent to 69,000 units. Hyundai Motor India's sales grew 51 per cent to clock 40,261 units in May.

Tata Motors' passenger vehicle sales grew by 9 per cent to 19,234 units. Premium carmakers General Motors and Skoda also recorded an increase in their sales figures while Honda's sales dipped a little. Maruti has shown growth across all segments including the M800, the growth of which was stagnant in past many

months. The 25 per cent growth in M800 at 6,830 is attributed to the early despatches of LPG variant of Maruti 800 Duo, which is to be launched this month. The compact car segment which includes Alto, Swift, Wagon R and Zen contributed a major share of Maruti's sales volume with the total number exceeding 44,000. Maruti's export at 4,858 are up by 41 per cent.

Of Hyundai's total sales in May, domestic sales accounted for 24,510 units while exports registered sales of 15,751 units, a 47 per cent growth in domestic sales and 57 per cent in exports compared to the figures in May 2007.

Indian textile industry on the upswing

Indian textile industry has regained confidence in the international market as China, the international leader in textile business, is going through recession.

The Indian textile production has reportedly increased in the past two months, as the textile industry in China is severely hit due to recession causing rise in labour charges, price of yarn, fabrics and garments.

Ranganathan, a textile industrialist says that the yarn exports have risen from 10 pc to 25 pc in the past two months.

Factors such as export market price being a little more than the domestic price and the dependence of global clothing companies on Asian countries like China, India, and Bangladesh has enhanced the hopes of the Indian textile industry.

"We are getting good orders for our fabric. This rise in US dollar price a little bit is also motivating us to do the business in a healthy way," said Ranganathan.

Since 1990, China has been a major global player in textiles. The Chinese textile manufacturers have also globally captured majority of Indian textile business.

With direct and indirect support of Chinese Government to the textile industry, the industrialists were able to increase production, which supplemented with cheap labour and low price, helped them to multiply their international clientele.

"We need to maintain and manufacture high quality products. We have timely deliveries because India is recognised as major player in international textile market. So, if we maintain our competitiveness, we'll be able to regain some markets, we have lost to China," said K V Srinivasan, Chairman, South India Mills Association.

With the present slump in Chinese industry, various textile manufacturers have shutdown or have moved out of china, mainly due to rise in raw material costs, higher wages and also rise of Yuan against the US dollar.

The Yuan has been appreciating in value since the second half of 2007 and has recently crossed seven to the US dollar, further shrinking the pay envelopes of the Chinese exporters.

Govt issues Press Note 7 incorporating changes in FDI policy

The Centre has issued Press Note 7 consolidating the policy and regulations governing Foreign Direct Investment in India, including the policy review undertaken in January.

FDI into India is regulated through "press notes" that publicly state the government's position on FDI policy. A summary of the FDI policy and regulations applicable in various sectors after incorporating changes in the policy as on March 31, 2008 are included in Press Note 7 (2008), an official release said.

After reviewing of the FDI policy in 2005-06, the summary was notified in Press Note 4 (2006), followed by Press Note 5 (2006) and Press Note 2 (2007) and 3 (2007) incorporating further policy revisions.

The policy was again reviewed early this year when FDI norms for sectors like aviation, commodity exchanges, petroleum, credit information bureau, industrial parks and titanium mining were relaxed. These policy measures were notified in Press Note 1-6 (2008).

The release added that prior government approval for FDI is required where more than 24 per cent foreign equity is proposed to be inducted for manufacturing items reserved for the Small Scale sector.

The Press Note lists sectors such as retail, (except single brand retailing), atomic energy, lottery, gambling and betting, business of chit fund and trading in Transferable Development Rights (TDRs) where foreign investment is not permitted.

It also specifies conditions like FDI limit and criteria for foreign firms to invest in domestic sectors like power, banking, agriculture, manufacturing, retail, broadcasting and non-banking finance companies.

KPMG: India preferred over US, Japan for foreign investment

India is likely to see the highest growth in foreign investments and become the world leader for investment in manufacturing, according to a survey by KPMG, which is a global network of professional firms providing business advice.

The study says that while 10% of the 300 multinationals surveyed expect to invest in India at present, around 18% want to invest in the country in the next five years.

"It is the biggest gainer among BRIC (Brazil, Russia, India and China) countries," said KPMG India chief executive officer Russell Parera.

"A significant amount of investment in India in the next five years is expected from first-time investors," Parera said.

The survey was conducted in 15 countries. Corporate investment strategists were asked where they planned to invest in the next 12 months and five years. The results show a move away from investments in the United States, Japan, Singapore and the United Arab Emirates, and a big increase in flows towards the BRICs.

FDI inflow up 127 per cent in April 2008

Foreign investors shrugged off concerns of high inflation rate impacting economic growth in India and poured in 3.74 billion dollars FDI in April showing a whopping 127 per cent jump over a year-ago period.

FDI in April 2007-08 was 1.64 billion dollars which was less than half of the figures in April this fiscal. "I want to dispel fears of any economic slowdown and investment drying up," Commerce and Industry Minister Kamal Nath said.

Nath said despite the interest rate hike exerting pressure on the cost of production, the industry is likely to maintain a growth momentum of eight to nine per cent in 2008-09.

The Commerce Minister painted a similar scenario for exports, which have grown by 31.5 per cent in April to 14.4 billion dollars from 10.94 billion dollars in the opening month of the previous fiscal.

India attracted 25 billion dollars FDI in 2007-08 and has set a target of 35 billion dollars for the current financial year.

Real estate FDI inflow up nearly five-fold

The Indian real estate and housing space emerged as the darling of foreign investors in 2007-08, clinching FDI equity inflows of about Rs 8,749 crore, a near five-fold increase over FY07.

"The investors have seen that the real estate potential in India is huge. The returns are quite attractive. In fact, we see the trend picking up even further this year as

the prices are getting more attractive for investors,” Mr Ramesh Sanka, Chief Financial Officer at DLF said.

Late last year, DLF Ltd had sold 49 per cent stake in eight residential project SPVs to private equity investors for a total consideration of Rs 1,675 crore.

A Merrill Lynch & Co entity had bought 49 per cent equity in seven residential projects in Chennai, Bangalore, Kochi and Indore for Rs 1,481 crore. The company — headed by Mr K.P. Singh — has also diluted 49 per cent stake, in another middle-income housing project in Panchkula, Haryana, to Brahma Investments for Rs 194 crore.

According to data released by the Government, the real estate sector, thrown open in 2004-05, saw the FDI picking up significantly between FY05 and FY08; it was Rs 171 crore in 2005-06 surging to Rs 2,121 crore in 2006-07.

“Over the last three years, there has been a build-up in investor interest. We saw the impact of that interest and euphoria for FY07 and FY08 as new townships and projects were announced. Depending on the asset class within real estate sector, the average rate of return stood at 25-35 per cent for India, against a global average of single digit return,” Mr Sanjay Verma, Executive Managing Director, South Asia, of Cushman & Wakefield said.

External Sector: Foreign Trade April - January

Region/Country	Export			Import		
	US \$ million		% change	US \$ million		% change
	2006-07	2007-08	2007-08	2006-07	2007-08	2007-08
World	1,02,532.5	1,28,120.7	24.96	1,47,748.4	1,94,376.9	31.56
Africa	8,242.9	11,496.0	39.47	12,462.9	17,047.1	36.78
Egypt	584.0	1,077.9	84.57	1,470.2	1,733.0	17.87
Kenya	1,119.4	1,175.0	4.97	45.5	70.1	54.06
Mauritius	596.3	925.4	55.18	12.3	8.3	-32.36
Nigeria	742.7	897.0	20.78	6,039.5	6,196.9	2.61
South Africa	1,800.7	1,977.9	9.84	2,193.4	2,922.6	33.24
America	20,019.6	22,331.2	11.55	14,552.8	17,809.5	22.38
Brazil	1,287.0	1,853.0	43.98	844.7	811.7	-3.90
Canada	913.2	1,027.2	12.48	1,117.2	1,595.9	42.85
Mexico	435.3	482.5	10.85	601.3	956.9	59.14
USA	15,500.1	17,055.2	10.03	8,411.7	11,232.3	33.53
Asia (excl.	31,233.0	39,570.9	26.70	41,793.0	57,394.1	37.33

Middle East)						
Bangladesh	1,312.3	1,932.6	47.27	193.5	223.8	15.66
China	6,569.3	7,872.9	19.84	14,100.3	22,604.5	60.31
Hong Kong	3,677.2	5,028.8	36.76	1,974.6	2,380.8	20.57
Indonesia	1,641.3	1,538.5	-6.26	3,281.1	3,958.8	20.65
Japan	2,274.1	2,843.2	25.02	3,653.1	5,173.3	41.61
Korea DPR (North)	97.0	653.0	573.36	453.5	119.2	-73.71
Korea Republic (South)	2,102.8	2,212.4	5.21	3,907.0	4,844.4	23.99
Malaysia	1,094.5	1,879.8	71.74	4,401.3	5,059.2	14.95
Nepal	768.5	1,049.8	36.62	252.8	472.2	86.81
Philippines	490.9	501.5	2.15	145.7	164.8	13.05
Singapore	4,997.5	5,542.4	10.90	4,579.2	6,323.9	38.10
Sri Lanka	1,749.6	2,221.7	26.99	383.1	396.3	3.44
Taiwan (Taipei)	765.0	1,439.4	88.17	1,363.9	2,014.8	47.72
Thailand	1,180.1	1,424.8	20.74	1,377.9	1,918.5	39.24
Viet Nam	761.6	1,154.9	51.64	142.0	141.4	-0.44
Middle East	17,335.7	22,444.5	29.47	39,644.4	52,552.0	32.56
Iran	1,259.4	1,767.8	40.38	6,004.8	8,867.9	47.68
Iraq	180.0	188.4	4.66	4,636.0	5,031.4	8.53
Israel	1,047.7	1,287.9	22.93	875.4	1,237.9	41.42
Kuwait	509.2	531.1	4.30	4,944.8	5,733.6	15.95
Saudi Arabia	2,038.0	2,760.4	35.45	11,279.6	15,461.8	37.08
UAE	9,881.8	12,701.8	28.54	7,131.0	11,069.9	55.24
Europe	24,223.7	30,977.0	27.88	32,947.4	42,385.5	28.65
European Union	20,836.5	26,372.2	26.57	21,142.4	27,539.9	30.26
Belgium	2,807.8	3,347.5	19.22	3,257.3	4,085.2	25.42
Denmark	372.9	399.3	7.09	286.2	389.6	36.13
France	1,691.0	2,064.6	22.09	1,781.4	2,260.8	26.91
Germany	3,162.1	4,097.7	29.59	6,059.8	7,760.5	28.07
Italy	2,924.6	3,157.0	7.95	2,148.6	3,101.3	44.34
Netherlands	2,135.5	4,102.6	92.12	907.7	1,643.0	81.00
Spain	1,534.5	1,780.7	16.05	502.9	779.2	54.93
Sweden	313.7	439.8	40.21	1,628.5	1,732.7	6.40
UK	4,541.3	5,602.8	22.37	3,356.9	4,230.4	26.02
Other European Countries	3,387.2	4,604.8	35.95	11,805.0	14,845.6	25.76
Russia	727.5	736.9	1.30	1,685.7	2,131.1	26.43
Switzerland	362.1	473.7	30.83	7,495.4	8,296.2	10.68
Turkey	997.9	1,458.5	46.16	226.0	1,276.3	464.78
Oceania	1,297.9	1,132.1	-12.77	6,240.9	6,976.8	11.79
Australia	748.5	935.8	25.03	5,745.1	6,544.0	13.91

