

**Monthly Economic Analysis
Fortune 2009**

November 2009

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Recent Trends in Indian Economy

Index of Industrial Production

The latest figure available for the month of the September 2009 indicated a growth of 9.6 percent in the index of industrial production. This reaffirms the sustainability of growth in the sector. The manufacturing sector grew by 9.9 percent, while the growth in mining and electricity sectors was 7.4 percent and 7.9 percent respectively.

The growth numbers based on use based classification showed an improvement in growth numbers of basic, intermediate and consumer goods. However the growth in the capital goods segment declined from 20.8 percent in September 2008 to 13.3 percent in the same month this year.

Core Infrastructure

The core sector after registering a growth of 6.5 percent and 4.5 percent in the months of August and September respectively declined further to 3.8 percent in the month of October. However this 3.8 percent growth was higher than the growth of 2.4 percent registered in October 2008. Once again the crude oil production registered a negative 2.2 percent growth. The corresponding figure last year was (-) 0.2 percent. The finished steel sector grew by 2.5 percent in October 2009, after registering a growth of 0.8 percent in the previous month.

Whole sale Price Index

Overall inflation rate for the month of October was 1.3 percent compared to inflation of 11.1 percent recorded in the same month last year. The three broad segments – primary articles, fuel, lubricants and light and manufactured products recorded an inflation rate of 8.7 percent, (-) 6.5 percent and 1.3 percent.

Monetary Indicators

The growth in broad money supply over the seven months ending October 2009 was 6.5 percent corresponding to 5.5 percent growth registered over the same period (April-October) last year.

Aggregate deposits expanded by 9.1 percent over the period April-October 2009, the corresponding growth last year was 10.0 percent.

There was a significant moderation in the bank credit disbursal. The growth in bank credit over the period April-October 2008 was 12.1 percent, while over the same period this year it fell to 4.5 percent.

Stock Market

The sentiment in the market in October remained bullish and the index closed at a little over 15K by the end of the month.

Taxes

Tax revenue collections (gross) over the period April-October 2009-10 fell by 7.5 percent vis-à-vis the collection over the same period last year. The total tax revenue amounted to Rs 2, 98, 861 crore during the first seven months of the fiscal 09-10. Once again while the collections from both the income and corporation tax registered an increase, there was a decline in case of custom and excise duty collections.

The corporation tax collections over the period April-October 2009-10 were Rs 1, 11, 488 crore, marginally up Rs 1,04, 673 crore collected over the same period last year. The corresponding figures in case of income tax were Rs 59, 732 crore and Rs 54, 051 crore respectively.

Central Government Finances

There was a negligible increase in the total receipts of the central government over the period April-October 2009-10 relative to collection last year. The total receipts went up from Rs 2,91,325 crore during the period April-October 2008-09 to Rs 2,91,786 crore over the same period this fiscal. While there was a 31 percent increase in the total expenditure. As a result the fiscal deficit amounted to Rs 2, 45, 075 crore during the first seven months of the fiscal 09-10, up from a deficit of Rs 1,17,070 crore recorded last year over the same period.

Trade

On the trade front once again the exports continued to be in the negative territory for the twelfth consecutive month. The magnitude of fall has nevertheless come down, with the exports registering a negative 6.6 percent growth. The total exports were valued at USD 13.2 billion for the month of October 09. The corresponding figure last year was USD 14.1 billion. The imports also registered a 15 percent fall in the same month.

Foreign Investments

Foreign direct investment inflows in the month of September 2009 fell to USD 1.5 billion from last year's inflows worth USD 2.6 billion. Also this was much lower than the investment worth USD 3.3 billion received in the previous month. However there was a significant improvement in the investment appetite of foreign institutional investors. The FIIs amounted to USD 5 billion in September 09, much above the previous month's figure of (-) 0.03 billion. The cumulative investment inflows over the period April-September 09-10 were USD 35.6 billion.

Foreign Exchange Reserves

The forex reserves went up to USD 280 billion in the month of September in the current fiscal. Over the first two quarters of the year 2009-10 the reserves increased by almost USD 28 billion. In the last fiscal between first two quarters the reserves had eroded by almost USD 28 billion, from USD 314 billion in April to USD 286 billion in September 2009.

Exchange Rate

The rupee dollar exchange rate for the month of November averaged Rs 46.6/USD. While the Rupee appreciated from its value in April, however vis-a-vis the British pound and Euro, The Indian Rupee depreciated.

Lead Stories of the Month

Economy on recovery path, grows 7.9%

Belying predictions, the Indian economy grew by a significant 7.9 per cent in the second quarter of this fiscal, up from 6.1 per cent in the previous quarter, essentially due to a good showing by the industry and the services sector.

The growth compares favourably to 7.7 per cent recorded in the July-September quarter in the previous year.

Consequently, the economy rose by 7 per cent in the first half ending September 30 of the current fiscal on the back of stimulus packages and revival of domestic demand, giving hopes that final figures for the year could be much higher.

The government, including Finance Minister Pranab Mukherjee, the Reserve Bank and the Planning Commission had predicted a growth of about 6-7 per cent, while global agencies and analysts forecast it to be even lower.

PM opens door wider for foreign investment

'In addition to FDI, we welcome portfolio investment in Indian companies,' says Singh. Prime Minister Manmohan Singh sent out a strong message on the need for further economic reform, particularly in the financial sector, and welcomed investment through qualified institutional investors in Indian companies. Stating that the country has been able to withstand the economic downturn, he said a gradual phase-out of the stimulus measures would take place next year.

"In addition to FDI, we welcome portfolio investment in equity in Indian companies by qualified institutional investors," Singh said in his keynote address at the inauguration of the 25th India Economic Summit, organised jointly by the World Economic Forum and the Confederation of Indian Industry, in Delhi.

Singh's statement, which is being interpreted as a welcome for foreign institutional investors, came against the backdrop of fears in the international community that India would impose controls on capital inflows. It is also significant because it was made just three days after the government announced that unlisted profitable state-owned companies with positive net worth would be tapping the stock market in addition to a further disinvestment in companies that have less than 10 per cent floating equity.

Singh said through the disinvestment policy the government hoped "to see faster progress in sale of a portion of government shareholding in the domestic market and issue of fresh equities in respect of the selected companies".

That the government was looking at strengthening the stock market became clear with the prime minister stating that there was need to improve futures markets for better

price discovery and regulation. “We also need to remove institutional hurdles to facilitate better intermediation,” he said.

Setting the broad agenda for reform, Singh emphasised the need to make the financial sector more competitive while ensuring an efficient regulatory and oversight system. “We need to develop long-term debt markets and deepen corporate bond markets,” he said.

This in turn, would “require strong insurance and pension sub-sectors”, adding that some of the reforms, especially in insurance, involve legislative changes.

Singh was referring to legislation pending in Parliament to raise the limit for foreign investment in insurance joint ventures, among other key changes in insurance laws, which has been facing political opposition for some years. A bill is also pending to give the pension regulator statutory backing to formulate guidelines for the pension sector, a move that also attracted political opposition in the past.

Singh said the government would build political consensus to bring the required legislative changes.

Singh said the country hoped to achieve a growth rate of 7 per cent with a normal monsoon next year compared to around 6.5 per cent this year. “We resorted to a significant stimulus and we will take appropriate action next year to wind this down.” The country’s gross domestic product (GDP) grew by an average of nearly 9 per cent in the five-year preceding the global financial.

The country’s medium-term objective was to achieve a growth rate of 9 per cent. “Taking into account the fact that our domestic saving rate is now as high as 35 per cent of GDP, this is eminently a feasible task,” he added.

A return to the high growth path required a global revival and since demand there was likely to pick up slowly, the strategy would be to sustain a high growth on the strength of strong domestic demand. “We seek to achieve this through a large increase in investment in infrastructure,” he said. It was important to ensure that the financial systems provided the finance needed for investment in infrastructure.

India to grow 7% in '10: OECD

The Organisation for Economic Co-operation and Development (OECD) has in its latest report applauded the Indian economy’s resilience and has projected a growth rate of 7 per cent in 2010 and 7.5 per cent for 2011. However, it says that India’s central bank must tighten its monetary policy fairly soon to contain the rising inflation.

“Given the speed at which inflation has bounced back, monetary policy will need to be tightened fairly soon,” the Paris-based OECD said about India in its Economic Outlook report released. OECD expects headline inflation to be at 5.4 per cent in 2010, while it expects the fiscal deficit to be at 10 per cent in 2009 and 9 per cent in 2010.

The OECD outlook is in line with finance minister Pranab Mukherjee's recent statement that the country could expect to go back to a growth rate of 9-10 per cent in 2012-13 and a 7 per cent growth rate in 2010-11.

More cheer from biz confidence index

Adding to the positive outlook, the business confidence index (BCI) released jointly by NCAER and MasterCard Worldwide also brings good tidings.

The BCI has surged by 21 points in October 2009 over the previous survey in July, primarily due to an increase in industrial activity, which is reflected by the recent rise in the Index of Industrial Production (IIP) in the backdrop of the festival season. Confidence levels are now almost equal with what had been registered in the pre-downturn period.

The recovery of economic growth appears to be more robust in view of the continuing consolidation of business confidence. The current survey has registered improvement in all the four indicators, which include corporate financial condition, investment climate, capacity utilisation and overall economic conditions, compared with the previous quarter.

A majority 67.4 per cent and 68.7 per cent of the respondents surveyed said they expected domestic sales and production levels to increase respectively in the next six months.

Core sector grows 3.5% in Oct

The six 'core' infrastructure industries have registered a 3.5-per cent year-on-year growth during October, compared to the 4.1 per cent and 7.8 per cent levels of the preceding two months and the 2 per cent for October 2008.

For the April-October 2009-10 period, the six core industries (which have a combined weight of 26.7 per cent in the official index of industrial production) grew by 4.7 per cent, which was better than the 3.3 per cent year-on-year increase during the corresponding seven months of 2008-09.

The break-up

Among individual industries, production of cement rose by 5.3 per cent in October (against 6.2 per cent in the same month of last year), coal production grew 5 per cent (10.6 per cent), finished steel grew 1.1 per cent (minus 4.9 per cent), electricity generation 4.7 per cent (4.4 per cent), crude petroleum output was minus 2.2 per cent (minus 0.2 per cent) and refined petro-products grew by 7.2 per cent (5 per cent).

April-Oct

During April-October this year, the country produced 115.84 million tonnes (mt) of cement, marking a 11.3 per cent jump over the 104.05 mt in the first seven months of 2008-09.

The corresponding cumulative output numbers were 31.97 mt and 31.131 mt for finished steel (up 2.7 per cent); 4, 48,848.4 million units and 4, 21,465.1 million units (up 6.5 per cent) for electricity generation; 274.13 mt and 248.83 mt (up 10.2 per cent) for coal; 19.453 mt and 19.72 mt (down 1.4 per cent) for crude petroleum; and 85.795 mt and 87.582 mt (down two per cent) for refined petro-products.

India targets \$50-billion FDI by 2012

With economies reviving from the global meltdown, India is targeting annual foreign direct investments worth \$50 billion by 2012. It would double the inflows by 2017. In order to make the investment environment in states more lucrative for prospective overseas investors, the commerce ministry would set up a panel comprising state industrial ministers. The panel would recommend measures to iron out procedural difficulties faced while setting up a business.

Addressing the first-ever meeting of state industry ministers, commerce minister Anand Sharma said, "We felt that foreign direct investment target is doable, provided we put our minds together. Each one of you would be called to play an important role in this." Sharma also proposed to institutionalise the meeting of state industrial ministers by making it an annual feature. He also proposed to have a quarterly dialogue between the state and the Centre to take stock of the industrial and investment scenario in the country.

"Before the ministers meet next time in about a year's time, we will formulate a national policy on manufacturing an investment," Sharma told. In the period between 1991 and March 2009, FDI worth \$158 billion has come in to India. Even during 2008-09, when the global financial crisis squeezed availability of capital, FDI inflows in to India stood at \$35.16 billion, a near flat growth.

"To ensure better centre-state coordination on promoting investments and industry, a panel of state industrial ministers would be established. This panel would give suggestions to simplify procedures," Sharma said.

Minister of state for commerce and industry Jyotiraditya Scindia vouched for having a model industrial policy for states and establishment of single window clearance system for fast tracking permissions required by the industry. "A multi-pronged approach can be achieved only if all stakeholders are on board," he said.

Meanwhile, the commerce and industry ministry has got in-principle approval from the Planning Commission to start industrial park schemes for nine labour-intensive sectors.

SEZs post Rs 89,000-cr exports in Apr-Sept

Bucking the trend, exports from the country's 101 operational special economies zones (SEZ) topped Rs 89,000 crore during the first six months (April-September) of the current financial year, compared to Rs 99,689 crore worth of exports in the entire 2008-09.

Out of the Rs 89,000 crore, around Rs 25,000 crore worth of exports took place from government SEZs, Rs 9,000 crore from state and private SEZs and the remaining approximately Rs 45,000 crore from SEZs that are set up under the Act.

The total number of employees in various SEZs across the country also grew from 283,425 to 418,129.

"This clearly shows the growth of SEZs in the country and how are they helping in stabilizing the country's exports. SEZs go into long-term contracts unlike DTA (domestic tariff area) exporters where it is followed on the basis of per order," said DK Mittal, additional secretary, Department of Commerce, after the meeting of the Board of Approval (BoA).

Govt revisits retail FDI; cap on single-brand stores could go up

The government is once again pushing for foreign investment in the retail sector, albeit in a calibrated manner. In a new strategy being drawn up by the department of industrial policy and promotion (DIPP), foreign direct investment in single brand retail could be hiked to 74% from 51% now.

During the UPA-I regime, the government had tried to increase the FDI in single brand retail to 100% but couldn't. As an alternative, it had tried to bring in 51% FDI in multi-brand speciality retail segments like sports goods and stationery, but that too didn't get off the ground.

If the current move succeeds, it would benefit international brands like Marks & Spencer, Nike, Adidas, Benetton, which have set shop in the country through joint ventures and franchisees.

"The idea is to slowly uncap the sector, in a calibrated manner. Retail is a sensitive issue as it involves large corporations and general public as well. The government is committed to inviting FDI into one of the world's most attractive retail market but it would like to go slow and not against the public opinion", an official involved in the process told.

"With 26% (with Indian partners), the Indian partners would still have special powers, and all control would not pass into the hands of the foreign player, so we do not expect much resistance from any corner," the official said.

The government would not attach any riders while increasing the FDI in single brand retail. Earlier, when working at allowing 100% FDI in single brand retail, DIPP had proposed a set of riders. For instance, an international brand would then have to

source 50% of the projected sales from the country. If it fails to meet the norm, within five years it would have to divest 51% stake in favour of domestic investors.

100% airport FDI too may have to pass security check

Foreign investment in airports could soon come under the watch of security agencies even though 100% FDI in greenfield projects is allowed under the automatic route. Responding to concerns of the home ministry and various other departments, a new suggestion is now under discussion to alert security agencies as soon as foreign investment starts flowing into airport projects.

The commerce & industry ministry has said that the Reserve Bank should inform the department of industrial policy & promotion (DIPP) as soon as the first installment of foreign investment flows in. The DIPP would in turn alert the home ministry and the security agencies so that they can evaluate the investment from the national security point of view.

This suggestion from the commerce & industry ministry and a host of other initiatives would be discussed at a high-level meeting on national security concerns related to foreign investment, highly-placed government sources said. A committee of secretaries would look into these issues next week, the sources said.

The high-level panel, which includes top bureaucrats from ministries like home, finance, defence, commerce, aviation, DIPP and shipping would also look into national security concerns related to key infrastructure areas. The inputs from these discussions would form part of the larger screening process for foreign investment which is being planned by the National Security Council, the sources said.

In the case of brownfield projects, the commerce & industry ministry has suggested that the foreign investment promotion board (FIPB) could trigger the security scan in the case of brownfield projects where FDI level is proposed to go beyond 74%. In the case of existing projects FDI can go beyond 74% only with the approval of the Board.

Petroleum, telecom, waterways and power are other areas that are likely to be reviewed at the meeting, the sources said. A number of ministries have already sent their feedback for the discussion on national security check for FDI.

The ministry of defence, for example, has said that employment of foreign nationals should not be permitted in ground handling at airports. The Planning Commission, on the other hand, has suggested that security concerns can be restricted only to airports located at metros.

The home ministry has suggested that airports play a key role in defence preparedness even though they are part of the civilian infrastructure. Foreign forces can reduce efficiency of airports when they are needed most, the ministry has argued. The home and defence ministries have been the most vocal in pushing for more national security-related restrictions in the case of airports.

“The foreign operator (running an airport), especially involved in ground operations, may facilitate easier use of weapons, drugs and infiltrators, when the crucial operations are in the unfriendly country’s control,” the home ministry has emphasised. The defence ministry has said that majority stake in ground handling companies should be with Indian nationals.

Big deals begin to click again for IT companies

After a year, Indian information technology (IT) companies are back to doing what they do best: Winning deals. While many of the deals closed during the year came at lower prices than earlier, the good news is that analysts believe prices are stabilising.

Take, for instance, HCL Technologies. The company announced three large deals of over \$100 million in the first half of this year. Wipro Technologies also managed to bag a five-year data centre and application management contract from BJ Wholesale Club.

Infocrossing, the company acquired by Wipro, managed to get a contract extension of four years for \$34 million from Sunoco, a leading manufacturer and marketer of petroleum products. Last month, TCS, Infosys and Wipro each won a part of the \$1.5-billion outsourcing contract from British oil and gas firm BP.

That the flow of deals has resumed is evident from the third quarter Global TPI Index that tracks commercial contracts valued at \$25 million or more.

The third quarter Global TPI Index recorded 139 transactions with a total contract value of \$24.7 billion. It was the highest quarterly value since the fourth quarter of 2008 and represented an increase of 21 per cent over the second quarter of 2009 and 40 per cent over the third quarter of 2008.

The report said: “A brighter picture could be seen in mega-deals, those worth \$1 billion or more. Mega-deal contract values reached \$13.7 billion in the third quarter, the highest total since the fourth quarter of 2002. Excluding telco-to-telco contracts, four mega-deals were signed, the same amount in the last three quarters combined. The 11 mega-deals signed year-to-date falls within the range of recent years, but the more than \$19 billion of contract value is the highest total since 2005.”

Indian auto sector growth soars

Getting some respite from the sluggish performance of the last few months, the country's auto majors have reported a significant growth in October 2009. While Maruti Suzuki India, for instance, has posted a 32.45 per cent jump in total sales at 85,415 units in October compared to the same period last year, Hyundai Motor India's total sales for October 2009 stood at 51,736 units as against 46,596 units in October 2008, registering 11% cumulative growth.

Maruti's sales in the domestic market grew 21.01 per cent to 71,551 units in October from 59,127 units in the same month last year, while exports rose over two-fold to 13,864 units compared with 5,363 units in the year-ago period.

Sales of M800, however, declined by 5.53 per cent to 3,124 units compared to the same period last year. The A2 segment (comprising Alto, Wagon R, Estilo, Swift, A-Star and Ritz) witnessed a growth of 18.43 per cent at 51,437 units compared to the same period last year.

Sales in the A3 segment (consisting of SX4 and DZiRE) increased by 62.68 per cent to 8,804 units compared with 5,412 units in the corresponding period last year, the company said.

Maruti's passenger car sales in October rose 21.99 per cent to 71,383 units as against 58,515 units in the same month in 2008.

Hyundai Motor India's total sales for October 2009 stood at 51,736 units as against 46,596 units in October 2008. The domestic sales grew by 41.4% and accounted for 28,301 units as against 20,009 units in October 2008 while the overseas sales dipped by 3,152 units to 23,435 units in October 2009.

Commenting on the company's performance in October, Arvind Saxena, senior vice president - marketing and sales, HMIL, said, "The festive period of the last two months generated strong sales and has given the Indian automobile industry some respite from the sluggish performance of the last few months. Now it looks that this period of strong sales would propel the industry into a positive double digit growth for the remainder of the year. This might be the turning point the Indian automotive industry has been waiting for."

Meanwhile the country's second largest two-wheeler maker, Bajaj, also reported a 52.38 per cent increase in its motorcycle sales at 2,49,681 units in October 2009 as against 1,63,850 units sold in October last year.

"Bajaj motorcycles grew 52 per cent in October 2009, despite several supply constraints. Bajaj is confident of maintaining this growth rate for the rest of 2009-10," the company said in a press release. BAL's exports went up by 11.88 per cent to 84,012 units in October from 75,092 units a year ago. This was the highest-ever monthly export reported by the company.

18 of WEF's 'Global Growth Companies' are Indian

The GGC Community was formed to engage high-growth companies with the potential to be tomorrow's industry leaders and drive economic and social change.

Of the more than 200 companies from over 50 countries that form part of the World Economic Forum's Global Growth Companies (GGC) Community, India today has the second largest representation, with a total of 18 GGCs. Indian GGCs come from every

sector, with a strong representation in information technology and electronics, retail, consumer goods and banking.

The GGC Community was formed in 2007 to engage dynamic high-growth companies with the potential to be tomorrow's industry leaders and become a driving force of economic and social change. The community provides a platform where leaders of the most dynamic organisations can jointly address the top issues they face in further developing their companies and contributing to economic and social development.

WEF selects companies on the basis of their revenue, growth rate, internationalisation and leadership. Membership is by invitation only.

Key selection criteria include: Annual growth rate exceeding industry and regional average by 15 per cent; minimum turnover between \$100 million and \$5 billion, depending on the industry; demonstrated growth potential; capacity and intent to build a global business; and exemplary executive leadership.

WEF's Senior Director and Head of GGC, Jeremy Jurgens, explains, "Global Growth Companies meet regularly several times a year—once on the occasion of the 'Summer Davos' that takes place in China each Fall and then at various Regional Summits that the Forum hosts. Companies also convene in small-scale gatherings either physically or virtually throughout the year. This past year for example we have conducted virtual sessions on 'Business Implications of the H1N1 Pandemic' as well as 'Building a Global Brand'."

Says Rana Kapoor, founder, managing director and CEO of YES BANK, a member of the GGC community, of the opportunities created by such membership: "The objective behind establishing the Global Growth Companies (GGC) Community was to enable emerging multinationals to develop into the next generation of international corporate leaders."

Kapoor explains that India has over the past few years made substantial progress towards achieving a robust financial system, and has been relatively resilient to exogenous global shocks. "I would like to believe that a young, dynamic, innovative growing organisation like YES BANK is consistently presented with unique opportunities that must be fully and persistently leveraged for growth and institutional development."

India, Canada mull comprehensive trade pact

India and Canada have signed a memorandum of understanding for establishing a joint study group (JSG) to examine the feasibility of a comprehensive economic partnership agreement (CEPA) between the two countries.

The first meeting of the JSG is scheduled to be held here in the first half of December with the aim of concluding the study within six months, a joint statement issued at the

conclusion of official level talks during the ongoing visit of Canadian Prime Minister, Mr Stephen Harper.

The two countries also inked an MoU on bilateral co-operation in the field of energy including cooperation in the civil nuclear sector, renewables, oil and gas and power generation.

Addressing a joint press interaction after the signing ceremony, the Prime Minister, Dr Manmohan Singh, said that there was significant potential for Canadian companies to invest in India across diverse fields including science and technology, agriculture, mining and natural resources, education and energy. "We look forward to working closely in the area of civil nuclear energy," Dr Singh added.

The joint statement adds that both the Prime Ministers agreed on initiatives to strengthen and diversify bilateral relations and collaborate on a shared international agenda. They also agreed to intensify the economic and trade relationships by concluding bilateral economic agreements.

They expressed the hope that through concerted efforts, the institutional framework fostered by these initiatives would lead to an increase in bilateral trade from the current level \$15 billion annually in the next five years, the statement adds.

Recognising the important role played by the India-Canada Chief Executive Officers Forum, the Prime Ministers "encouraged" them to expand commercial relations between the two countries.

Key FMCG sectors witness higher rural growth during April-September: AC Nielsen

Poor monsoon rains this year may have taken a toll on summer crop and driven up food prices to scary highs, but it hasn't impacted rural India's bubbling craze for shampoos, toothpastes and hair-oils.

Demand for these personal care products grew faster in rural areas than urban areas during April-September, a period that includes the peak monsoon months, as per the latest numbers released by market researcher AC Nielsen.

The numbers have cheered up consumer product companies busy expanding their reach in the countryside. Companies closely watch rural demand trends in monsoon months so they could tweak their strategies accordingly. Now, they can go ahead full steam.

"We are confident about the buoyancy and resilience of the rural economy, more so with expectations of a bumper rabi crop," said Sunil Duggal, CEO of Dabur.

The Rs 2,800-crore Delhi-based company, which draws about 50 per cent of its sales from rural and semi-urban markets, posted its highest growth in 18 quarters in the

July-September quarter. Initiatives like low unit packs of Chyawanprash and Dabur Amla, and new products like Amla FlowerMagic hair oil have accelerated this growth, said Mr Duggal.

CK Ranganathan, chairman and MD of CavinKare, which makes Nyle and Chik shampoos and Fairver fairness cream, thanked government initiatives such as rural job guarantee scheme and farm loan waiver for the jump in rural demand in spite of poor rains.

“Recent trends show that whenever there is weak monsoon, rural consumers tend to postpone purchase of televisions and fridges. Consumption of daily use items remains intact,” he said. Nyle and Chik shampoos in Re 1 packs are among the Chennai-based company’s strongest volume drivers.

Buoyed by a surge in demand in urban markets, particularly for premium products, most companies have adopted a dual strategy of sharpening focus on the bottom-of-the-pyramid market and tapping fresh opportunities in urban cities.

Software fastest growing sector in 2009: Deloitte

Software companies continued to constitute the fastest growing firms in the Deloitte Technology Fast 50 India 2009 programme. This year, the composition of software companies amounted to as much as 80 per cent.

Software product companies driven by few sunrise segments like mobile value-added services (VAS) and outsourced product development formed a significant part of the composition. Based on an analysis by vertical, the software segment has been the top contributor over the last three years.

The fifth annual edition of the Deloitte Technology Fast 50 India 2009 programme also ranked the fastest growing technology companies in India based on their percentage revenue growth over the last three financial years.

Despite competitive conditions all round for industry players across India, the 50 companies on Deloitte’s list managed to achieve an average revenue growth rate of 372 per cent over the last three years, the report said.

The overall winner was Hyderabad-based Tanla Solutions, with a 2,997 per cent growth over the last three financial years. The second place went to Enzen Global Solutions with a revenue growth of 1,847 per cent. While Latentview Analytics, with a growth rate of 987 per cent, bagged the third place.

Despite the slowdown and challenges for growth, the report stated that average growth rate of the top 10 winners increased significantly to 1,003 per cent, compared with 845 per cent in the previous year.

India driving global auto majors' growth wheel

The midas touch of India is clearly visible on the financials of global auto majors. Just like Japanese auto majors Suzuki and Honda, that get a sizeable portion of their revenues, sales and profits from their Indian subsidiaries, Korean car giant Hyundai too is increasingly banking on its Indian operations for adding weight to its business as numbers stay uncertain in developed markets due to economic recession and slowdown.

Hyundai, which enjoys a strong presence in India now, after starting operations more than a decade back, said the country is playing a pivotal role in the company's global operations and is expected to contribute higher contribution to profits than even from China.

HW Park, the new MD & CEO of Hyundai India, said the Indian subsidiary contributes between 15% and 20% to Hyundai's global turnover. Asked about the profit, he refused to quantify, but said it is expected to be higher than China next year. The Indian subsidiary had been making profits for many years.

Park said unlike China, India has a unique position in Hyundai's operations as factories here not only service the domestic market but also cater to overseas markets in Europe. "While China only sells domestic, India is used both for domestic and export markets." Higher profits, however, could be justified considering that the companies have to operate through a JV in China, while in India solo operations are allowed which mean full repatriation of profits to the parent.

Hyundai, the secondbiggest car maker in India behind Maruti Suzuki, has a capacity of around 6 lakh units, half of which service export markets. The company has earmarked India as one of the hubs for manufacture of models like i10, i20 and Santro and sells India-made cars to over 100 countries. While developed markets in Europe and US remain under pressure, operations in India have been growing. The company's cumulative sales in January-October 2009 period have grown by 12% year-on-year at 4.57 lakh units (4.07 lakh) with domestic sales up 11% at 2.39 lakh units and exports up 13% at 2.17 lakh units.

Hyundai is not the only company to benefit from a strong presence in India. Suzuki trebled its full-year global net income forecast on the back of strong Indian operations, despite sluggish sales overseas. While home market Japan as well as European countries contracted for Suzuki, India remained the only market to grow, with first half sales here moving up by 24% at 4.7 lakh units against 3.8 lakh units in the corresponding period.

Honda is another company that is reaping benefits of India. The company has been gaining due to its strong presence in two-wheeler market. Its JV Hero Honda and fullyowned Honda Motorcycle and Scooter India (HMSI) — are expected to contribute 40% of its global motorcycle production and a sizeable portion of profits and revenues.

‘Telecom preferred sector for investments’

Mobile VAS (value added services), mobile broadband and telecom software companies, as well as companies providing services to telecom companies, are among the favourite sectors of PE & VC investors within the industry, a survey by Venture Intelligence, a Chennai-based research firm with a focus on venture capital, private equity sectors as well as M&A deals, revealed.

While the appetite for investments into mobile operators is still high, PE & VC investors who have invested over \$5 billion in telecom services and related companies over the past five years, are also actively scanning ‘downstream’ opportunities including mobile VAS, telecom software and other service providers to telcos.

Arun Natarajan, CEO, Venture Intelligence said, “Since the Indian market is more or less matured, one would see the PEs and VCs look at the downstream opportunities, particularly on the value added services of the telecom companies. With the emerging competition across the players, the telecom companies look at adding greater value to the customers to outperform each other.”

“It is evident from the fact that in the last few months companies such as Apalya Technologies of Hyderabad, Ver Se Innovation, a Onmobile subsidiary, attracting investments from PEs such as IDG (a Qualcomm venture) and Matrix Partners, respectively. We see such deals will take place in the days to come,” Natarajan said.

He said, “Unlike in main operations where the investors can reap 15 to 20 times that of investment for major investments, here at least 2 to 3 times realisation is comparatively interesting for PEs. The deal size may vary from \$3 million to \$30 million and will see volume growth in the years to come.” Almost 70% of the private equity and venture capital investors surveyed by Venture Intelligence felt that Indian telecom operators would be able to find and profitably serve the next 100 million mobile consumers from rural areas. A majority of investors are also willing to bet that the introduction of 3G services can be a game changer for various players in Indian telecom, the survey reveals.

India’s engineering outsourcing market may touch \$55 bn

As newer customers, including automakers Renault, Volkswagen and Harley Davidson, seek to outsource their complex design engineering projects to India, the engineering services outsourcing (ESO) industry is set to achieve \$55 billion in revenues by 2020.

Traditionally, aviation and defence companies, such as Airbus, Boeing and Bombardier, have leveraged Indian suppliers, including TCS, Mahindra Satyam, Infosys and QuEST Global, so far for outsourcing of design services, making it around \$7-9 billion business for India currently. New outsourcers are seeking to reduce their costs by up to 30-40% and also shorten their lengthy design cycles.

For existing Indian suppliers, new customers offer an opportunity to move beyond aviation and defence projects. Mid-tier aviation and defence service companies, such as QuEST and Infotech Enterprises, have started diversifying in order to address these opportunities.

“Some of the potential customers include French automaker Renault, which is working on its ultra small car for the emerging market and US motorcycle maker Harley Davidson,” said a senior official at one of the tech firms exploring such contracts. While car maker Volkswagen plans to establish an engineering centre, Japanese automaker Nissan is currently in discussions with both TCS and Wipro for a potential contract, the person added.

Meanwhile, IT is not the only expertise these customers are seeking. Many automakers are seeking to outsource projects for niche capabilities.

“New partnerships are also being formed on new technologies, such as noise and emission reduction,” said Dataram Mishra, an aviation and defence expert who founded engineering design firm Cades Digitech.

With manufacturing and auto firms in the US seeing a revival in demand for their products, outsourcing of design and other IT projects is expected to gain momentum. Apart from auto, railways, heavy engineering and consumer electronics companies are also seeking suppliers. “In all of these verticals, large request for proposals are coming out from the US and Europe,” said BVR Mohan Reddy, chairman of Infotech Enterprises. “And they will come to India because of cost arbitrage advantage and on-time delivery,” said Mr Reddy.

According to experts tracking the sector, design projects can be done at \$25 per hour, compared with \$75 per hour rates in the US and Europe.

Meanwhile, India’s domestic market for electronics and auto products is also driving this growth. “Many automobile majors have already set up plants here. These trendy, fuel-efficient automobiles incorporate a variety of electronic modules and the production of such modules locally, in proximity to the automobile plants, is a definite advantage,” said MindTree senior vice-president & technology evangelist, R&D services, Padmanabhan SN said.

TCS, for instance, is working on hybrid-battery technology for fuel efficiency, partnering with a US-based automotive major. “TCS is expecting to grow the engineering and industrial services (EIS) business from 6% to 10% in the next three years,” said Regu Ayyaswamy, vice-president and global head (EIS) at TCS.

Business confidence surpasses pre-crisis level, rises 21% in Oct

Business confidence in India has surpassed the level that prevailed before the financial crisis that seized economic growth prospects, according to the latest National

Council of Applied Economic Research (NCAER), MasterCard Worldwide Index of Business Confidence.

The Business Confidence Index (BCI) reported a sharp rise of 21%, with a rating of 143.7 points in October 2009, compared to 118.6 points in July 2009. BCI ratings in April 2009 were at their lowest, at 81.6 points, after the global financial crisis hit world economies. Previous data reflects a trend of BCI ratings rising in October, a period of increased sales due to the festive season in India. In the October survey of 2008, this pattern was broken for the first time due to the effects of the global financial crisis on Indian markets.

The BCI has captured improvement in sentiment across all four indicators in October 2009 as compared to the perceptions held in the previous quarter. The overall optimism reflected in the positive response to the question of “overall economic conditions six months from now” has been accompanied by an assessment of other indicators such as “financial position of the firm in the next six months” and current levels of “capacity utilisation”. The other overall indicator, “investment climate”, also revealed significantly higher ratings in September as compared to July 2009.

The improvement in business sentiment based on the four components has been observed across all four regions in India (north, south, east and west) in the present round of the survey. The maximum rise has been seen in North (155 from 111 points), followed by South (135 from 114 points) and East (159 from 134 points). The western region, however, showed a marginal rise (125.7 from 119 points) and this is due to the percentage of respondents seeing improvements in overall economic conditions over the next six months dropping slightly as compared to July 2009.

BCI ratings for larger firms increased by a larger proportion when compared to the smallest size category, suggesting a return to an increasingly stable outlook for business conditions after the fairly uncertain conditions of the second half of 2008-09. BCI ratings also increased in all four types of ownership considered—public limited, private limited, individually-owned and public sector.

Indian CIOs more progressive globally: IBM

Indian Chief Information Officers (CIOs) appear to be more progressive as compared with their global counterparts and are looking to ‘make innovation real’ and ‘expand business impact’ for their respective organisations.

A study conducted by IBM based on a survey of 100 Indian CIOs says that 70 per cent of Indian CIOs are integrating business and technology to promote innovation for the entire organisation, as compared to 47 per cent of global CIOs. Almost 64 per cent of Indian CIOs proactively push information technology as an innovation element compared to 55 per cent of global CIOs.

Also, over 70 per cent of Indian CIOs expect to explore newer channels for end-customer interactions and anticipate greater levels of transparency with customers in

the next five years. For the Indian CIOs, the top three priority areas for future were business intelligence and analytics, risk mitigation and governance, and virtualisation.

Finmin sets up working group to smoothen FII inflows, PNs

The finance ministry constituted a working group to suggest ways of rationalising existing regulations relating to foreign portfolio investments, in order to encourage foreign investment into the country.

The group will review the legal and regulatory framework to simplify rules related to overseas investment coming in the form of—foreign institutional investment (FII), foreign venture capital investment (FVCI), private equity and NRI investment, according to notification issued by the finance ministry.

The 16-member working group, headed by UTI-AMC UK Sinha, will also re-examine the rationale of taxation of transactions through the securities transactions tax (STT) and stamp duty, it said. The Economic Survey 2008-09 has recommended phasing out of the STT, which is currently levied at 0.125% every transaction in cash for the delivery of shares. Transactions in 'derivatives' trading attract a lower STT of around 0.017%

The panel will further study arrangements relating to use of participatory notes and suggest any changes required to increase transparency. The review of the way PNs are being used is to ensure appropriate know-your-client (KYC) norms are in place. This, however, is unlikely to lead to any fresh restrictions on PNs, which are derivative instruments with the stocks or futures as underlying.

Indo-US services trade to touch \$150 bn'

The Indo-US services trade is likely to grow to an ambitious \$150 billion in the next six years, says a CII estimate.

At present, the country's total engagement with the US is over \$60 billion, out of which about \$40 billion are accounted for by the merchandise trade. Last fiscal, the services exports to the US touched \$22 billion.

"The fast growing services trade between India and the US, which has remained relatively stable despite global economic crisis is expected to cross \$150 billion figure by 2015 even faster than the bilateral merchandise trade," the chamber said quoting its study.

"Given the growing demand for services in the US and assuming that the demand for outsourcing will continue to grow from American corporations, the country should expect larger market access in this sector," said the study.

The CII study also listed several impediments to the bilateral trade. It asked the US to remove trade restrictions and production subsidies to counter the effect of the global

economic crisis. Besides, the sudden withdrawal of the Generalized System of Preferences has hit-hard India's labour-intensive gold jewellery, diamond and brass products, CII said. The US is a major market for these products.

Further, the study said, "in services trade although exports have grown exponentially to touch \$12 billion in 2008, the domestic industry is still concerned regarding the movement of professionals and non-recognition of Indian professionals qualifications in the US."

'India-Russia trade volume to grow at 8%'

The India-Russia bilateral trade is expected to grow at eight per cent in 2009-10 despite the global financial crisis, according to Mr. Vladimir V. Lazarev, Consul General of Russia in Kolkata.

Addressing a conference organised by the Bengal National Chamber of Commerce and Industry, Mr. Lavarev said, "We are most likely to meet the bilateral trade figure of \$10 billion by 2010 as the growth of business between the two countries this year has been at par with the last two years." The trade had not suffered despite the global slowdown, he said, adding that the goal was to reach a trade figure of \$ 20 billion by 2015.

Russia, he said, was not content with the amount of trade between the two economically rich countries. "Why should two countries with such high GDPs and growth be happy with such levels of trade?" he asked.

'Matter of concern'

It was also a matter of concern that a high proportion of trade between India and Russia constituted of raw materials, he said. As high as 60 per cent of Russia's exports to India constituted of raw materials, ferrous and non-ferrous metals and fertilizers while only 5-10 per cent were machinery items.

Nearly 40 per cent of India's export to Russia constituted of agricultural products, tea, coffee, rubber, while the other items were pharmaceutical (8 per cent) and machinery (6 per cent).

"India is now one of the world's leading economies and we would want to increase trade with it in the sphere of hi-tech and scientific intensive items," he said.

The two countries had considerable potential of cooperation in the automobile industry, manufacturing, engineering, telecom, IT space based technology and nuclear energy generation, he pointed out.

Polish mission in India to boost ties

The seventh official Polish mission to India, organised by the Polish Information and Foreign Investment Agency, will focus on the Indian ITeS, automotive and pharmaceutical industries.

The mission of the governmental agency is to increase co-operation between Polish and Indian companies. The mission came to India with representatives of the Polish Special Economic Zones, regional authorities and the Polish companies.

The mission met industry bodies like the Auto Component Manufacturers Association, Western India Automobile Association and Nasscom.

The Poland Government recently decided to sell over 600 state-owned companies from sectors such as metal, machinery, construction, electronic and others. The privatisation as well as greenfield opportunities are now supported by financial grants or exemptions offered by the Polish Government and the EU.

With its membership in the EU, Poland received over €67 billion for implementation of projects in the areas of infrastructure, protection of environment, human capital development and supporting the undertakings connected with an innovative economy.

The support is available for both Polish and foreign companies operating in Poland.

At present, Indian investment in Poland is dominated by the investments of Indian BPO and IT companies such as Infosys, Wipro, HCL and others.

The present delegation met Indian companies and institutions which could be potential new investors in Poland or organisations which can support the activity of Indian firms in Poland.

India-Azerbaijan panel to meet

The first meeting of the India-Azerbaijan Inter-Governmental Commission on Trade, Economic, Scientific and Technological Cooperation was scheduled to be held on 26 November, Thursday.

The Minister of State for Commerce and Industry, Mr. Jyotiradiya M. Scindia, was the co-Chairman from the Indian side and the Minister of Ecology and Natural Resources, Mr. Husseyngulu Baghirov, was the co-Chairman from the Azerbaijan side at the meeting, an official release said.

During the deliberations, discussions would centre around development opportunities for mutual trade, industrial, economic, scientific and technological cooperation; cooperation in the fields of transport, energy, communications and information technology, agriculture, tourism, environmental protection, health and customs affairs.

Bilateral trade between India and Azerbaijan in 2008-09 was \$222.27 million. Major commodities of exports from India include drugs and pharmaceuticals, machinery and

instruments, gems and jewellery, RMG cotton, wool, etc, while major commodities of imports cover petroleum crude and products, organic and inorganic chemicals and non-ferrous metals.

October retail drug sales rise 29%

The Indian drug retail market grew by a 29.24% in value terms in October 2009 over the year ago period, more than double the average monthly revenue growth rate of 13-14% in the recent past, as per market research firm ORG IMS.

This sales audit by ORG IMS is based on the sales by stockists to chemists and not the actual sales by chemists to consumers.

Domestic drug sales constitute about a third of revenues for pharma companies, who depend on exports for their overall business, besides selling directly to hospitals and institutions.

An ORG IMS spokeswoman said the unusual growth for the drug retail market was marginally above expectations adding that, "The main reason for this was the decline in the market seen last year in October."

In October last year, domestic drug sales declined 1.2%. This was attributed to lack of cash with stockists, who procure goods from drug makers to supply to chemists and other retailers.

An industry executive said the decline in drug sales in October 2008 was also due to shortage of codeine used in the making of best seller cough medicines. He added that the ban on fixed dose combinations medicines (lactobacillus combinations) by the Indian drug controller general of India last year also led to drop in drug sales.

The growth for the 12 months ended October stood at 14.6%, in line with the IMS Market Prognosis report, which forecast the industry to grow between 13% and 14% for the calendar year 2009.

There is no change in the ranking of companies given their market share in domestic drug sales. Cipla continues to lead the charts followed by Ranbaxy Laboratories and UK's GlaxoSmithKline.

During October, sales of market leader Cipla grew 30%. Among the top 10 companies, Delhi-based Mankind Pharma posted the highest growth with 40%. Among brands, Piramal Healthcare's cough syrup Phensedyl recorded the highest sales at Rs 18.8 crore closely followed by Pfizer's rival Corex at Rs 18.6 crore.

'Healthcare, allied sectors to touch \$77-bn mark by 2012'

The healthcare industry in the country, which comprises hospital and allied sectors, is projected to grow 23% per annum to touch \$77-billion mark by 2012 from the current

estimated size of \$35 billion, according to a Yes Bank and Assocham report, released. The sector has registered a growth of 9.3% between 2000-2009, comparable to the sectoral growth rate of other emerging economies such as China, Brazil and Mexico. The growth in the sector would be driven by healthcare facilities, both private and public sector, medical diagnostic and pathlabs and the medical insurance sector.

Of the sum, diagnostic and pathology services would account for \$2.5 billion in 2012, more than double its estimated current size of \$1 billion. The growth in the segment is expected to be driven by consolidation in the industry and increasing insurance penetration among the country's population. Healthcare facilities, inclusive of public and private hospitals, the core sector, around which the healthcare sector is centered, would continue to contribute over 70% of the total sector and touch a figure of \$54.7 billion by 2012.

The medical insurance sector would account for another \$ 3 billion in the next three years, up from the estimated current size of \$1 billion.

India to be among top 10 ad market: Steve King

As the CEO of Zenith Optimedia Worldwide, Steve King feels that new and emerging advertising markets like India and China will power the global industry's recovery, on the back of positive signals from developed markets like US, Europe. "India, with an approximate 10% growth, will certainly be in the top ten advertising markets in absolute dollar terms by 2015," he told.

Zenith Optimedia, the world's third largest media-buying agency and an enterprise under the Paris-based Publicis Group is upbeat about India. Fresh from bagging new business worth \$100 million in the country this year, it is commemorating five years in India by announcing a slew of promotions among its top brass. While the company's India CEO Ambika Srivastava has been promoted as the chairperson of Zenith Optimedia, Satyajit Sen, MD- North, has been promoted as the agency's India CEO.

India figures amongst Zenith Optimedia's 20 largest markets globally, but over the past five years, it has been among the top three fastest growing ones. "Most of our markets are between 15 to 20 years old, so despite being here for only five years, this market has responded very well. Our focus here will be on winning local clients, apart from the international ones. By the next five years, we will have considerably closed the gap on the top two market leaders here," King said.

In October this year, the agency had forecast the Indian advertising industry to grow at 10% next year. It is also close on the heels of launching a clutch of new tools to aid consumer research.

"Despite flat revenues, our group's media buys have increased thanks to fragmentation in media. So we need to drive greater standardisation and automation in India. With this in mind, we have made a series of acquisitions of technological

services like Click To Sales and Performex, which is the search agency of Google. No other group is investing so much in technology and systems, as we are," King added.

Commenting on the global advertising outlook, King was of the view that advertising had seen off its worst ebbs. "World advertising spends will be down 10% this year. While the downturn is not over, the rate of decline has stopped deteriorating further, which is very significant," he said.

"Next year, because of the indicators in US, Europe and Asia, we see a flattening out or even a growth of about two per cent for global advertising in the 2010 calendar year," King added.

He painted a pretty picture, so far as forecasts for the Indian media market go. "While we expect the Indian advertising to grow at 10% next year, within this we expect newspaper advertising to grow by 7%, making this among the very few markets where newspapers continue to grow," he signed off.

There is reason for King to bet big on India as the agency enjoys a healthy growth rate in this market. This year, it has had a good run, bagging the media-buying duties for brands like Videocon, Uninor (joint telecom venture of Unitech and Telenor), e-Bay and Motorola, among others.

SMS traffic in India to reach 191.6 bn by 2013

Tumbling voice tariffs contributing to the declining average revenue per user (ARPU) rates, will result in SMS volumes to reach 191.6 billion in India by 2013, predicts Gartner.

By 2013, the country would have more than 750 million mobile connections; therefore the SMS usage per user would essentially drop.

However, overall large base of mobile connections would support this SMS volume. "Strong organic growth continues in Asia's developing markets, with marginal subscribers turning to low-cost messaging as an entry-level service.

In the mature markets of the Asia-Pacific region, SMS has seen sustained healthy growth as a result of steady price declines and increasingly generous SMS and data bundles," said Madhusudan Gupta, senior research analyst at Gartner. SMS contributes around 8% to value added services (VAS), which in turn contributes 10-12% of an operator's revenue.

SMS growth, however, will be slow as mobile markets approach saturation and other types of messaging, including mobile email and mobile instant messaging, become more widely adopted.

Integrated messaging clients on handsets will facilitate adoption of alternative messaging services, as will the use of alternative rich-messaging services on smartphones.

National Biotech Regulatory Authority by 2010

The government has said it is proposing to set up a National Biotechnology Regulatory Authority in the first quarter of 2010, which will ensure that strict scientific assessments are followed while testing of bio-tech crops. "We have proposed for setting up of the National Biotechnology Regulatory Authority, which may come up by early next year, as it has to be passed through Parliament," department of biotechnology director SR Rao said at a function here. He said the authority will help in ensuring that biotechnology policies are strictly based on scientific assessment of risk and not on any sloganeering and campaigning by public interest groups.

The department of biotechnology is also considering to set up an Agri-Biotech Policy Unit in collaboration with all stakeholders so that high level safety standards are maintained in testing of bio-tech crops.

Key sectors' higher net profit strengthens signs of revival

The signs of recovery in the domestic economy are visible as automobiles, cement, tyres and consumer durables sectors showed better-than-expected performance during the first half of this fiscal.

A study conducted on 2,212 major companies (excluding banks and NBFCs) that have declared their first-half results, shows that the aggregate net profit rose 23% to Rs 1.06 lakh crore during April-September 2009 probably due to the better-than-expected performance of major corporates such as IOCL, Bharti Airtel, Larsen & Toubro, Tata Motors, Mahindra & Mahindra. The aggregate sales of the 2,212 firms fell 10.5% at Rs 11.62 lakh crore during April-September 2009. Meanwhile, other income of these companies stood at Rs 29,186 crore, up 23.9%, during the same period.

The raw material cost decreased 15.15% to Rs 4.78 lakh crore and the interest outgo was dipped 4.2%. The PAT to sales ratio rose to 9.15% during the first half of this fiscal against 6.65% in the corresponding period previous year.

Care Ratings MD & CEO DR Dogra said, "The early signs of recovery in the domestic economy are visible with better than expected performance by industries including automobiles, cement, tyres and consumer durables aided by higher consumer spending, tax cuts and reduced interest rates. However, much of the demand for goods can be due to stimulus packages provided by the government. But, sectors like capital goods, chemicals are still going through a difficult phase."

Total net profit of 89 auto & ancillaries companies rose 80% to Rs 6,054 crore during the first half of this fiscal against Rs 3,364 crore during April-September 2008. The sales also rose 12.3%. The net profit to sales ratio jumped from 5.60% to 8.98%.

The group of 32 major cement companies' sales rose 24% to Rs 18,654 crore ,the net profit increased 65.8% to Rs 3,363 crore during the first half ended September'09. The profit margin of cement group rose from 13.48% to 18.03% during April-September '09.

The textile group comprising 238 companies showed sales and net profit growth of 8.6 % and 281.5% respectively during the first half. The net profit to sales ratio of textile group increased from 0.84% to 2.96% during April-September '09. The tea group comprising 27 companies showed sales and net profit growth of 16.1% and 128.4% respectively during April-September 2009.

External Sector: Foreign Trade April-October

Region/Country	Export		
	US \$ million		% change
	2007-08	2008-09	2008-09
World	162988.0	182922.0	12.2
Africa	14307.1	14613.8	2.1
Egypt	1396.9	1634.0	17.0
Ghana	807.6	543.8	-32.7
Kenya	1579.5	1337.3	-15.3
Mauritius	1086.6	957.8	-11.9
Nigeria	1083.9	1530.2	41.2
South Africa	2658.7	1969.3	-25.9
America	27692.6	28299.6	2.2
Brazil	2517.8	2553.8	1.4
Canada	1265.9	1360.0	7.4
USA	20722.7	20851.6	0.6
Asia (excl. Middle East)	52784.1	53253.5	0.9
Bangladesh	2918.3	2464.5	-15.5
China	10834.3	9290.4	-14.3
Hong Kong	6308.5	6672.3	5.8
Indonesia	2160.2	2521.3	16.7
Japan	3855.8	3005.6	-22.0
Korea DPR (North)	850.9	879.1	3.3
Korea Republic (South)	2853.3	3996.9	40.1
Malaysia	2568.9	3436.3	33.8
Nepal	1506.8	1558.3	3.4
Pakistan	1945.2	1420.0	-27.0
Philippines	619.0	734.9	18.7
Singapore	7371.3	8220.1	11.5
Sri Lanka	2826.6	2373.5	-16.0
Taiwan (Taipei)	1735.8	1455.1	-16.2
Thailand	1808.8	1981.4	9.5
Viet Nam	1603.2	1731.6	8.0
Middle East	27748.2	37550.6	35.3
Iran	1949.5	2513.5	28.9
Israel	1603.7	1441.4	-10.1
Kuwait	682.1	789.7	15.8
Oman	937.8	772.2	-17.7
Saudi Arabia	3708.4	4995.9	34.7
Syria	673.2	362.9	-46.1
UAE	15634.9	23959.3	53.2
Yemen	1018.1	769.1	-24.5
Europe	38672.8	43035.6	11.3
Belgium	4210.5	4422.0	5.0
France	2598.0	3000.1	15.5
Germany	5119.0	6354.0	24.1

Italy	3913.6	3782.2	-3.4
Netherlands	5228.2	6289.9	20.3
Russia	940.2	1080.0	14.9
Spain	2292.5	2480.6	8.2
Turkey	1750.3	1385.5	-20.8
UK	6701.7	6605.2	-1.4
Oceania	1417.9	1743.6	23.0
Australia	1150.6	1428.3	24.1

Region/Country	Import		
	US \$ million		% change
	2007-08	2008-09	2008-09
World	249791.1	290667.4	16.4
Africa	20499.7	24337.4	18.7
Algeria	1233.0	983.8	-20.2
Angola	1017.9	1424.0	39.9
Egypt	1983.8	2126.5	7.2
Libya	1245.2	669.0	-46.3
Nigeria	7620.0	8709.8	14.3
South Africa	3614.9	5449.0	50.7
America	29574.9	30419.1	2.9
Brazil	948.8	1184.9	24.9
Canada	1973.2	2455.3	24.4
Chile	1843.8	1451.0	-21.3
Mexico	1184.3	1740.5	47.0
USA	21030.1	18191.9	-13.5
Asia (excl. Middle East)	69978.3	85086.2	21.6
China	27116.3	31383.9	15.7
Hong Kong	2700.6	6420.8	137.8
Indonesia	4826.2	6685.0	38.5
Japan	6326.5	7618.7	20.4
Korea Republic (South)	6040.7	8605.1	42.5
Malaysia	6008.0	7032.0	17.0
Singapore	8121.8	7443.3	-8.4
Taiwan (Taipei)	2401.6	2776.5	15.6
Thailand	2302.2	2660.2	15.6
Middle East	66370.0	79919.0	20.4
Iran	10921.0	12153.1	11.3
Iraq	6832.7	7466.2	9.3
Israel	1428.0	2041.9	43.0
Kuwait	7693.8	9407.5	22.3
Oman	1134.2	1189.9	4.9
Qatar	2457.5	3461.4	40.9
Saudi Arabia	19411.1	19524.1	0.6
UAE	13477.4	20637.6	53.1
Yemen	1469.7	728.5	-50.4

Europe	54974.6	61769.5	12.4
Belgium	4360.3	5450.1	25.0
Finland	926.9	1214.6	31.0
France	6256.4	4595.4	-26.5
Germany	9874.8	11712.9	18.6
Italy	3900.2	4315.7	10.7
Netherlands	1920.6	1878.7	-2.2
Norway	1626.4	1136.4	-30.1
Russia	2469.8	4297.7	74.0
Spain	994.3	995.2	0.1
Sweden	2131.7	1934.7	-9.2
Switzerland	9833.7	11465.5	16.6
Turkey	1690.2	1446.3	-14.4
UK	4955.6	5801.4	17.1
Oceania	8393.7	9136.1	8.8
Australia	7841.0	8436.6	7.6