

Monthly Economic Analysis  
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## **Recent Trends in Indian Economy**

### **Index of Industrial Production**

The index of industrial production registered a growth of 11 percent in the month of August 2009. This was higher than the growth of 6.8 percent registered in July 2009 and also from 1.7 percent growth registered in the same month last year. This indicates that the economy is back on the recovery path and the stimulus packages are slowly working at the ground level. All the three subsectors, that is, mining, manufacturing and electricity recorded an improvement, with their respective growth rates being 11 percent, 11 percent and 10.6 percent.

### **Core Infrastructure Industry**

The overall index of six core infrastructure industries recorded a growth of 4 percent in September 2009 which was same as the growth registered in September last year. However, it was about 3 percent lower than the 7.1 percent growth seen in August 2009. Among six sectors, crude oil and finished steel registered negative growth. The coal and the cement sectors also witnessed deceleration in growth vis-à-vis same month last year.

### **Inflation**

The overall inflation for the month of September 2009 was recorded at 0.5 percent. Despite the low overall inflation the primary articles remained a source of worry, mainly due to the rising prices of food articles.

### **Monetary Indicators**

The broad money supply over the period April-August of 2009-10 registered a growth of 5.9 percent relative to 5.2 percent growth recorded over the same period of previous year.

The aggregate deposits expanded by 6.5 percent during the period April-August 2009, growth in the corresponding period of previous year stood at 5.9 percent. The bank credit disbursal however witnessed a fall. The total food and non food credit given out during the period April-August 2009 amounted to Rs 32,033 crore which was significantly lower than Rs 98, 840 crore credit disbursed last year over the same period.

### **Stock Market Trends**

An improvement was indicated in the stock market on account of some recovery taking place in the global economy and stability in the world markets. The sensex crossed 17000 points by the end of September 09.

## **Fiscal Management**

The gross tax revenue collections during the first six months of 2009-10 were Rs 2, 58,880 crore which was lower than the last year's revenue collection of Rs 2, 80,141 over the same period, a decline by almost 7.6 percent. Both the income tax and corporation tax collections registered an increase of 7.2 percent and 7.7 percent respectively. The revenue collections from indirect taxes, however registered a decline. While the collection from custom duty fell by about 33 percent, those from excise duty registered a decline by almost 23 percent.

The total receipts of the central government over the period April-September 2009-10 amounted to Rs 2, 51, 073 crore, while the total expenditure was Rs 4, 48, 848 crore. The resulting deficit amounted to Rs 1, 97, 775 crore which was higher by Rs 95, 121 crore from the deficit during the same period of last year.

## **Foreign trade**

Growth in merchandise exports recorded in August 09 were USD 14.3 billion, sliding from USD 17.7 billion recorded in the same month previous year. The imports also declined from USD 33.5 billion in August last year to USD 22.7 billion this year, the decline was seen in both the segments of imports, oil and non oil.

## **Foreign Direct Investment**

The foreign direct investment inflows amounted to USD 3.3 billion in August this year, the corresponding figure last year was USD 2.3 billion. The total inflows recorded in the month of August 2009 amounted to USD 4.2 billion, which was higher than last year's figure of USD 2.9 billion in the same month.

## **Foreign Exchange Reserves**

The foreign exchange reserves for the month of August 2009 stood at USD 276.4 billion, increasing by almost USD 25 billion since April this year.

## **Exchange Rate**

USD against the Indian Rupee stood at Rs 46.7 in October 2009. The rupee has gained slightly from its value of Rs 50.1/\$ in April this year.

## **Lead Stories of the Month**

### **India elected second vice-chair of G-24 countries**

India was elected the second vice-chair at the meeting of G-24 countries in Istanbul, while Brazil replaced Syria as the chair. India is now just two steps away from becoming the chair of the Inter-governmental Group of 24 (G-24) nations on international monetary affairs and development.

"Finance minister Pranab Mukherjee was elected unanimously as the second vice-chair. He would automatically become the first vice-chair in 2010-11 and then, in 2011-12, he would be the chair of G-24 countries," the government said.

Till now Syria was the chair, Brazil was the first vice-chair and South Africa was the second vice-chair. In the new order, Brazil is the chair, South Africa is the first vice-chair and India is the second vice-chair. These three countries represent each of the three regions — Africa, Latin America & the Caribbean and Asia — that G-24 comprises.

The group was established in 1971 with an objective to concert the position of developing countries on monetary, development finance issues. Its other member countries are Algeria, Côte d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Nigeria, Congo, Argentina, Colombia, Guatemala, Mexico, Peru, Trinidad & Tobago, Venezuela, Iran, Lebanon, Pakistan, Philippines and Sri Lanka.

Meanwhile, Mukherjee convened a meeting of the finance ministers of BRIC countries (Brazil, Russia, India and China) at Istanbul. The BRIC finance ministers discussed issues facing the World Bank and the International Monetary Fund (IMF) and arrived at common positions on several issues.

"On the IMF side, the ministers discussed the process of achieving a significant shift in quota shares in favour of dynamic emerging markets and developing countries. They agreed to aim for a 7 per cent shift. They also discussed the new arrangement to borrow," the government said in another release.

On the World Bank side, they discussed how to enhance the voice and participation of developing countries in the World Bank and agreed to aim for a shift of 6 per cent for parity. They also discussed the adequacy of capital resources of the bank and supported and an increase in the capital for both the World Bank and the IFC.

### **IIP zooms by 10.4 pct, at 22-mth high**

Adding to the festive mood, industrial growth catapulted to a 22-month high of 10.4 per cent in August, clearly showing that stimulus measures have yielded results which may make up for the likely decline in farm output in months to come.

"This is a very good Diwali gift," Planning Commission Deputy Chairman Montek Singh Ahluwalia said.

Even though part of the rise is due to low base effect as the index of industrial production (IIP) grew by just 1.7 per cent a year ago, the impact of stimulus measures is also evident as there was all-round rise in factory production.

Manufacturing output grew by 10.2 per cent in August, mining by 12.9 per cent and electricity production by 10.6 per cent. Of 17 industry groups, 14 showed positive growth.

On the basis of use-based industrial break-up, consumer durables production grew by 22.3 per cent, basic goods by 10 per cent and intermediate goods by 14.3 per cent.

Industrial growth is expected to post high figures in the months to come due to low base effect of last year, which might make up for the likely loss in farm production.

"We are hoping that when the final figure of second quarter will be available, perhaps there will be some higher growth. If the higher growth projection is there, then in the third quarter, fourth quarter we can make up," Finance Minister Pranab Mukherjee said.

### **83% investors feel economy will recover in next fiscal: Fitch**

The Indian economy will recover in the next financial year even as concerns over poor monsoon, drought and fall in exports loom large, a survey says.

More than 80 per cent of debt investors who participated in the survey conducted by global rating agency Fitch believe that the Indian economy would recover in the next fiscal, while only three per cent of them say that the slowdown would last for more than 18 months.

However, the area that still concerns about 91 per cent investors is the failed monsoon, drought conditions and continued fall in exports.

"A clear majority of investors (83 per cent) believe the economy will recover (back to 2007 levels) over the next financial year," Fitch said in its Fixed Income Investors Survey conducted between August and September 2009.

Fitch surveyed 45 investors, which included some of the larger institutions operating in the Indian market.

It further said that 14 per cent believe that the current slowdown in India would continue for less than six months.

Besides, it said 57 per cent felt that the RBI will increase repurchase (repo) rates within the next six months.

The economy would remain stable at the current level, said 60 per cent of the investors surveyed, and 31 per cent expect it to grow even faster.

The survey said that 80 per cent of the investors expect the financial performance of lower-rated corporates to significantly deteriorate, while 57 per cent felt that banks will need additional capital to withstand the current credit conditions.

### **Forex reserve up by \$430 m**

The country's foreign exchange reserves have risen by \$430 million to \$280.3 billion in the week ended October 2, the Reserve Bank of India said in its weekly statistical supplement.

While foreign currency assets declined by \$33 million to \$263.5 billion, gold reserves climbed by \$488 million to \$10.3 billion, the RBI said.

Meanwhile, with the increase of foreign inflows into the Indian market and dollar turning weak against other major international currencies like euro and yen, rupee has strengthened by almost 3% during the week.

However, after continuously appreciating for last few days, rupee on fell to 46.41 against the dollar compared to 46.35.

Dealers said that several banks and companies transacted in the non-deliverable forward market (NDF) during the week to hedge their onshore exposure and make profits from the spreads between onshore and offshore currency exchange rates.

"The rupee has gained widely against the dollar in the five sessions, due to the arbitrage trade to gain from lower dollar rates in the NDF market. Dealers have bought dollars offshore to sell them at higher rates in the domestic market," noted a trader.

### **Indo-Thai FTA to cover services too**

India and Thailand are planning to expand their limited free-trade agreement (FTA), which includes just 82 items, to services and investments, Thailand's deputy PM Korbsak Sabhavafu has said.

"At present, both the countries are engaged in lifting the free-trade agreement into a comprehensive pact to include services and investments," Mr Korbsak said at a meeting organised by FICCI.

The deputy PM said that expanding commercial ties could push up bilateral trade from \$ 6 billion at present to \$10 billion in 2011.

## **Exports from SEZs set to touch Rs 140k cr**

New Special Economic Zones, including the Reliance Industries' Jamnagar refinery, would help increase India's SEZ exports by 40 per cent this fiscal, righting partially the dismal picture of the country's total exports, according to government estimates.

About 10 new SEZs would be operational within this fiscal.

Exports from the RIL's Jamnagar refinery are expected to be Rs 35,000 crore, a Commerce Ministry official said.

Exports from 91 SEZs in 2008-09 were Rs 99,689 crore.

"New SEZs are coming up ...by the end of this fiscal, more and more units would start operating," Director General of the Export Promotion Council for EoUs (Export-oriented Units) and SEZs L B Singhal said.

A total of 579 SEZs have been approved in the different parts of the country and 335 of them have been notified.

The SEZs have attracted an investment of over Rs 1.10 lakh crore

## **Apparel exports for April-Sept up 2-3 pct**

India's apparel exports have grown 2-3 per cent in April-Sept compared to the same period last year, the textiles minister said.

"We are seeing positive trends in exports, particularly in markets like Europe and US," Dayanidhi Maran said.

Maran also said he was in favour of raising the minimum support price for jute.

"We got some suggestions from an industry body to increase the minimum support price (MSP) for jute by Rs 300 per quintal and we support it," he added.

MSP for jute is currently at Rs 1,375 per quintal.

## **PM pitches for simpler tax regime to boost processed food trade**

Prime Minister Manmohan Singh laid out a blueprint for rapid growth in the country's food processing sector, which is limited at less than 2% of the world's food trade. This can be achieved by simplifying the tax structure, formulating a National Food Processing Policy and improving rural infrastructure, he said.

"I recognise that we need to look at the taxation structure in the industry. Though primary agricultural commodities are mostly exempted from taxes, processed foods are subjected to multiple levies. There is therefore an urgent need to rationalise and

simplify the tax structure,” Singh said at the Conference of state food processing ministers.

At present, just 6% of the food items produced in the country India are processed in contrast to the developed nations where 60% to 80% of the food items are processed.

But there is a need to promote the sector as it is not only a sunrise industry, the PM said, as ‘it has the potential to dramatically improve rural livelihood opportunities and employment, to bridge the rural urban divide and to improve farming methods and practices.’

The tax incidence on food items varies across the country because of the numerous taxes levied at varying rates. While primary agricultural commodities are mostly exempt from tax, processed commodities attract heavy taxes including a central sales tax of 2% and value added tax of 12.5%. Additionally, these products are subject to other state and local level taxes like entry tax and octroi. Meanwhile at the Centre, central excise duty is levied on all branded products.

The issue was also flagged by the group of ministers (GoM) constituted a few years ago for promotion of agri-business, which had pointed out that the high tax burden on processed agricultural products was a disincentive to private investors and also distorted the competitiveness of food products.

The sector may get some relief once the goods and services tax comes into effect. It is expected that under GST, food products would be taxed at a lower rate while exemption would be given to some. The proposed regime would also subsume a number of state level duties.

While the sector grew at an impressive 14.7% in 2008-09 despite the global slowdown, the Prime Minister expects the National Food Processing Policy to give a boost to the sector.

### **Debt investors optimistic on mkt: survey**

In its latest ‘India Fixed Income Investors Survey’ report, conducted between August and September 2009, Fitch Rating states that the debt investors are optimistic about India’s economic prospects.

Under the survey, the investors were asked to respond to 17 questions on various market developments. Fitch received 35 responses from 45 of the investors polled, which includes some of the larger institutions operating in the Indian market — over half of the respondents have more than Rs 5,000 crore of fixed income investment under management.

The survey indicates that 60% respondents expect the economy to remain stable while 31% foresee a faster pace of growth. Overall, 63% of investors feel the worst in

market disruption is over, and that the loss taking curve has bottomed out. This represents a considerable easing of investors' views on the financial markets.

A clear majority of investors (83%) believe the economy will recover over the next financial year. Only 3% expressed the view that the current slowdown in India would last for more than 18 months; 14% believe it will only continue for less than six months. About 82% of the investors feel the markets are past the worst of their disruption for the manufacturing sector however, a large number (55%) still feel they are yet to see the peak of market disruption in structured finance.

### **IIP growth raises hopes of recovery**

Industrial output grew the most in 22 months to 10.4 per cent in August, indicating a steady turnaround in the economy but also raising worries that the government and the central bank would roll back fiscal and monetary stimulus measures.

Output at factories, utilities and mines, which account for about 17 per cent of GDP, exceeded economists' expectations of a 9.7 per cent increase and was significantly higher than 1.7 per cent in the same month last year, causing some analysts to attribute this year's performance to the low base effect.

Most, however, also supported the official claim that the impressive IIP figures were due to the trickle-down effect of the government stimulus packages, though the strength of the private sector demand remained uncertain.

The central bank cut interest rates six times between October and April and the government reduced taxes on consumer products and imports, together providing a stimulus worth more than 12 per cent of India's GDP.

"The good IIP numbers are a result of stimulus packages. These numbers were anticipated," said Ajay Shankar, secretary, department of industry policy and promotion.

Finance Minister Pranab Mukherjee termed it as a good sign of recovery. "We are hoping that when the final figure of second quarter will be available, there will be some higher growth so that we can make up even higher growth in the third and fourth quarters." The economy grew 6.1 per cent in the first quarter of this year, exceeding most analysts' expectation.

Expressing the possibility of sustained growth in industrial production from now on, Finance Secretary Ashok Chawla said, "We expect the trend to continue and expect better numbers in September."

Reacting to the news, the Bombay Stock Exchange's 30-share index rose 384 points or 2.31 per cent to close above the 17,000 mark.

### *Other signs*

The August IIP numbers appear to confirm signals of an upturn emerging from other indices, such as the HSBC India Manufacturing Purchasing Managers Index, based on data compiled from monthly replies to questionnaires sent to purchasing executives. An index above 50 implies expansion and the index has indicated this for the last few months, though the rate of improvement in August and September has slowed over that of July.

“The purchasing managers index indicates new orders and rise in production. An inventory adjustment effect will also boost production, with many firms having run down stocks earlier this year in anticipation of a prolonged downturn that looks increasingly unlikely for many sectors,” said Nikhilesh Bhattacharyya, associate economist with Moody’s Economy.com.

The steady upturn in IIP was also preceded by rising business confidence According to the CII M-Ascon survey of the manufacturing industry for the April-June period — the latest data available — 10.4 per cent of the 77 sectors reporting production were in the excellent growth category (more than 20 per cent), compared to 7 per cent in the same period last year.

### **FDI inflow up 40.37% in August**

Despite a slowdown in the economy, India saw an impressive 40.37% jump in the flow of foreign direct investment (FDI) into the country in August over the same month last fiscal, latest data released by the central bank showed.

FDI inflow, which includes equity, project approvals by the government and the Reserve Bank of India, as well as reinvested earnings, was \$3.27 billion in August, compared to \$2.33 billion in the like month last fiscal.

Portfolio investments including capital generation through global de-pository receipts and foreign institutional investments grew 56.15% to \$926 million during August from \$593 million in the corresponding month last fiscal. However, FDI inflows during April-August this fiscal shrunk 3.43% to \$14.14 billion from \$14.65 billion in the corresponding period last year.

The first five months of this fiscal saw portfolio investments inflow at \$11.27 billion, while during the like period last fiscal, the country registered an outflow of \$4.07 billion.

<http://economictimes.indiatimes.com/news/economy/finance/FDI-inflow-up-4037-in-August/articleshow/5121865.cms>

## **Forex reserves up \$1.52 billion**

The country's forex reserves rose by \$1.52 billion to \$281.9 billion in the week ended October 9, the Reserve Bank of India (RBI) said in its weekly statistical supplement.

While foreign currency assets climbed \$1.48 billion to \$264.9 billion, gold reserves were unchanged at \$10.3 billion, the RBI said. Special drawing rights with the International Monetary Fund (IMF) increased by \$35 million to \$5.24 billion, while reserves with the IMF rose by \$9 million to \$1.37 billion. The rupee has advanced 0.2% this week to 46.31 against the dollar close as against 46.23. It had touched an intraday high of 45.75. Going forward, there are expectations of rupee appreciation against the dollar, say analysts.

Traders noted that going forward; the rupee may weaken against the dollar if the latter stays firm against the euro. Dollar demand from oil companies and other importers may also weigh on the rupee. At the same time, rupee will also take cues from the domestic share market. Abheek Barua, chief economist with HDFC Bank believes that the appreciation bias in the rupee will continue.

"ECB flows, FDI, trade credit and other debt flows will also play a critical role in determining the currency's direction and momentum. Debt inflows in particular could pick up given the emergence of the differential monetary policy stance adopted by central banks in the developing world as against the advanced countries," he said.

Barua expects the rupee to trade in the range of 46-47.20 in the near-term and move to a trading range of 45-46 by December 2009.

"As long as the dollar is weakening against other currencies, the rupee is bound to strengthen," said S Srinivasa Raghavan, vice president and head of treasury with IDBI Gilts. Raghavan expects rupee to trade at 45-45.50 levels in the near term.

## **India-Argentina trade to touch \$3 bn by 2012**

India and Argentina announced relaxation in their visa regimes for business visitors as the two emerging economies seek to more than double two-way trade in the next three years.

Prime minister Manmohan Singh and Argentine President Cristina Fernando de Kirchner also signed four other memoranda of understanding, which includes an agreement in civil nuclear cooperation.

The two countries have set a trade target of \$3 billion by 2012 from \$1.3 billion in 2008. An agreement on easing sanitary and phyto-sanitary standards, which govern the trade in agriculture and plant items, will also be reached soon said a joint statement released after the meeting. The statement said that efforts would also be made to facilitate entry of Argentine agricultural and agro-industrial products into India and the entry of Indian pharmaceutical products into the Latin American nation.

Ashok Leyland and Argentina Cirigliano also signed a deal for production of trucks and buses based on Indian technology. An MoU between Ficci & LA Union Industrial, Argentina, was also inked to maintain and further mutual cooperation and understanding for the purpose of promoting the development of business relations between the two nations.

### **Auto sector could hit double digits on the way to a new milestone**

The automobile sector is poised to break its boom year sales record of 10 million units this financial year, thanks to the stimulus packages, new launches and festive discounts.

Bolstered by a 21% rise in passenger car sales in September, preceded by five consecutive months of growth, industry body Society of Indian Automobile Manufacturers (Siam) projected double-digit growth for the sector this year. The projection earlier was at 4-5%.

The sector had flat growth, of 0.71%, last year.

Though Siam did not give a growth figure, assuming a conservative growth of 10%, the industry would end the year with overall sales of around 1,06,95,730 units, against 97,23,391 units in 2008-09. This would be higher than the record domestic sales of 1,01,23,988 units marked in 2006-07. The current year could set a new record in sales.

Double-digit growth would not be hard for the sector, since auto companies have on an average sold 9.6 lakh units per month in the first half of this financial year. To reach the 10% mark, they need to sell around 8.1 lakh units per month in the remaining six months.

During April-September, automakers clocked 14.5% growth in sales at 57,82,920 units, compared with 50,50,279 units in the first half of last financial year. Sales in September were up 9.6% at 10,92,262 units.

“The main factors driving the growth are the stimulus packages and the reduction in interest rates. Now, we are cautiously optimistic about the future, and hopeful of a double-digit growth this fiscal,” Dilip Chenoy, director general, Siam, said.

Arvind Saxena, senior vice-president, Hyundai Motor India, supports the view. “If the growth momentum of September continues in October, which is expected to be a strong festive month, the industry would grow by double-digits in 2009”, he said.

However, market leader Maruti Suzuki India remains cautious about how the industry would evolve in the remaining half of 2009-10. “Industry is certainly doing well but what numbers we do in the last quarter will play a significant role in determining the overall growth of the current financial year,” RC Bhargava, chairman, Maruti Suzuki

India |said, adding that good numbers of any single month is too little to project the overall growth.

## **FMCG industry, analysts bullish on double-digit growth in Q2**

The Rs 86,000-crore fast moving consumer goods (FMCG) industry in India is expected to register a double-digit growth both by value and volume in the second quarter of 2009-10, say industry analysts. "The industry is expected to register a 14% sales growth in Q2 2009-10 compared to the corresponding period last year. There will be strong growth both by value and volumes this quarter," said Akhil Kejriwal, an analyst with Enam Securities.

With the softening of commodity prices, the benefits of lower excise and on the back of a low base, analysts expect a margin expansion for FMCG companies. "We expect strong PAT growth for Godrej Consumer Products (up 59% YoY), Nestle (up 34% YoY), Colgate (up 30% YoY) and ITC (up 17% YoY). However, we expect muted performance for HUL (up 7.3% YoY) and Britannia," said an analyst based in Mumbai. While lower input costs and excise benefit will result in margin expansion for many companies, the rise in sugar prices will have a negative impact on the gross margin of confectionary makers and biscuit companies in India.

According to Akhil Kejriwal, the impact of the rise in sugar prices will be evident only in Q3 FY10; in Q2, the impact will not be quantifiable. However, the quantum of margin expansion will be higher for many FMCG companies like Godrej Consumer Products and Colgate.

FMCG industry captains seem to share the optimism. For one, Adi Godrej, chairman of the Godrej Group is upbeat. "The FMCG sector in India is doing well. And I expect it to continue to do well," he said.

Said Amit Burman, vice-chairman, Dabur India, "The growth seems to be good for the FMCG industry in Q2 2010--both by value and volume. Margins will improve in Q2 and the growth rate will be around 12-15%. Going forward, margins will be under pressure due to high input and raw material cost."

According to Harsh Mariwala, chairman, Marico Group, the Indian FMCG industry will sustain its growth momentum in Q2. "The Q2 performance will be on the lines of the first quarter," he added. India's FMCG sector is the fourth largest sector of the economy and creates employment for more than three million people in downstream activities.

## **Morgan Stanley forecasts strong earnings growth for Indian cos**

Indian companies could post strong earnings growth over the next 12 months, driven by a sharp recovery in industrial growth and rebound in margins, led by cost-cutting

and lower raw material prices, said Morgan Stanley, in a recent note. The investment bank has raised its Sensex target for December 2010 to 19400 and upgraded the benchmark's earnings growth estimates.

"We are revising our base-case BSE Sensex top-down earnings growth forecast from +10% and +20% in F2010 and F2011, respectively, to 15% and 23%," Morgan Stanley analysts Ridham Desai and Sheela Rathi said in a recent note. "The consensus is expecting 5% and 20% growth for the BSE Sensex for FY10 and FY11, respectively."

The investment bank sees broad market earnings growth to accelerate faster than the narrow market (Sensex and Nifty companies). "We expect broad market earnings growth to average 20% and 25% in FY10 and FY11, respectively," it said.

India's industrial output in August registered a 10.4% jump from the same period a year ago, recording its highest growth since October 2007.

Market watchers interpret this economic data as the strongest indication of a revival of economic growth.

"Revenue growth seems to have bottomed out, given our view that industrial growth is likely to recover sharply in the coming months. The strength of the recovery could bear upside, depending on execution of policy reforms," Morgan Stanley said.

Sensex closed at 17323, over 110% above its lows in early March this year, driven by FII inflows worth \$13 billion.

"Our Dec-2010 target for the Sensex suggests an upside of 13% (as on October 15), reflecting slower pace of gains after a stellar performance over the past six months," it said.

Morgan Stanley said Indian equities could be volatile in the near term, as 'a lot' of the next six months' projected growth is already priced into share prices. But it believes investors should use the volatility to buy Indian shares, on grounds that companies' growth outlook for the next 12-18 is still not priced into equities.

"We reckon that Indian equities could to be in a sweet spot with low institutional ownership (coming off five-year lows), strong liquidity (policy makers are still reticent to take away stimulus), prospects of growth and earnings upgrade (indeed, we are at the start of earnings growth cycle), strong corporate balance sheets, and stable politics," Morgan Stanley added.

### **It's official: India poised to grow at 6.5% in FY10**

A key economic think-tank has made the most optimistic official projection yet for growth in the fiscal to March 2010, flagged rising More Pictures food prices as a major concern and suggested that tighter monetary and fiscal policies are unlikely in the coming months.

The Prime Minister's Economic Advisory Council, headed by former Reserve Bank of India governor C Rangarajan, said it sees gross domestic product (GDP) expanding by 6.5% in 2009-10 as Asia's third-largest economy keeps a watchful eye on inflation and the fiscal deficit while it emerges from a slowdown.

"(It is) unlikely that growth will be lower than 6.25 %, but may reach 6.75%," the panel said in its Economic Outlook for 2009-10 report to Prime Minister Manmohan Singh.

The RBI had in July forecast that India's economy this fiscal would grow by 6%, with an upward bias, and the Planning Commission said in early September that it sees GDP growth at 6.3%. The economy expanded by 6.7% in 2008-09 after three years of growing at over 9%.

The scaling up of growth forecasts is taking place amid strong recovery by the industrial sector — which grew at its fastest pace in 22 months in August — and expectations of a decline in agricultural output.

"In light of the recent resurgence in the non-farm sector the 6.5% growth rate is quite feasible. The manufacturing sector is bouncing back as is evident from the IIP figures and due to its strong correlation with the services sector, we can expect the services sector to turn around as well," YES Bank chief economist Shubhada Rao said.

The improving trend is unlikely to prompt any immediate withdrawal of stimulus measures or a tightening of monetary policy even though the panel made clear its concern about inflation and fiscal deterioration.

It expects the consolidated fiscal deficit of the Centre and the states at 10.09% for 2009-10 and sees inflation, imported and local food, as a significant risk for the economy.

Wholesale price inflation could rise to 6% by the end of March 2010 from 0.92% for the week ended October 3.

"Accommodative monetary policy will continue till March 2010. The accommodative policy stance will have to change, but that will depend on the growth performance of the economy and taking into account inflationary pressures," Mr Rangarajan said at the event.

He told that "unless inflation breaches 6%, the monetary authorities may not take action". The question of rolling back tax breaks, he added, will come up for review only early next year.

DK Joshi, principal economist at ratings agency Crisil, was also of the view that a tighter monetary policy is not imminent. "Monetary policy can support growth for sometime... Thus, interest rates will not shoot up immediately," he said.

## **Foreign investors keen on bourses' stake as mkts look up**

As the markets and the economy have started booming again, foreign investors are back in business. Nowadays, their attention is primarily centering around the Indian exchanges such as the National Stock Exchange (NSE), National Commodity & Derivatives Exchange Ltd (NCDEX) and Multi Commodity Exchange Ltd (MCX).

US-based hedge fund Tiger Holding is set to acquire 2% stake owned by Stock Holding Corporation of India (SHCIL) and another investor in the NSE, in which Soros Funds is learnt to have acquired 1% stake owned by SHCIL. Sources in the know said the seller could be LIC. The deals value the NSE at over \$3 billion. In June this year, Norwest Venture Partners (NVP) picked up a 2.11% stake in the NSE in a secondary transaction for Rs 250 crore, at an overall valuation of about Rs 12,000 crore.

Sohil Chand, managing director, NVP, said, "On a macro perspective, Indian economy keeps growing and the stock market also grows in line with it. The NSE is a leader among the global exchanges and is the most credible exchange in India. Also, the trading volume as well as valuation has gone up tremendously."

Following the Press Note issued by the ministry of commerce last year allowing foreign investors to hold not more than 5% stake in a local commodity bourse, Goldman Sachs (2%) and Intercontinental Exchange (3%) together sold their 5% stake in NCDEX to Shree Renuka Sugars for about Rs 36 crore, valuing the exchange at Rs 730 crore by the end of the last month.

Crisil Ltd, Indian subsidiary of US-based Standard & Poor's, which holds 12% in NCDEX, is also set to reduce the stake to 5%. It has appointed JM Financial as the advisor. The other shareholders in NCDEX are NSE, LIC and UTI with 15% stake each, while Iffco holds 12%, and

Punjab National Bank and Canara Bank has 8% each.

## **India, Russia mulling return to rupee-rouble trade**

India and Russia are mulling returning to the rupee-rouble trade arrangement to end the dependency on the volatile dollar and step up economic interactions.

Indo-Russian trade till the demise of the Soviet Union was based on rupee-rouble transactions, which had resulted in India emerging as the biggest trade partner of the former USSR in the developing world with two-way trade to the tune of USD 5 billion in 1991.

"The Central Banks of the two countries have agreed to hold consultations to study the possibility of using national currencies transactions in foreign economic operations between Russia and India," Bank of Russia said in a release.

According to the Bank of Russia (Central bank), both sides discussed the issue at the 15th session of Indo-Russian working group on banking and financial matters in Hyderabad earlier this month.

Russia, which has made its rouble a fully-convertible currency since July, 2008, is keen to add it into the basket of global reserve currencies on the backdrop of sliding value of the US greenback.

Earlier this week, the 15th session of Indo-Russian Inter-Governmental Commission (IRIGC), co-chaired by External Affairs Minister S M Krishna and Russian Vice-premier Sergei Sobyenin, said the commerce secretary-level Joint Task Force (JTF) should monitor implementation of its recommendations to promote bilateral trade, investment and economic cooperation.

The current bilateral trade is hovering around USD 7 billion. New Delhi and Moscow have set to boost it to USD 20 billion in 2015.

### **Textile Inc gets set for foreign play**

A trade delegation led by textiles minister Dayanidhi Maran is set to initiate trade talks with manufacturers and business groups in Switzerland, Italy and Turkey. This is part of the government's strategy to attract foreign investments in the textile sector.

The Indian textiles sector has been able to attract only \$ 200 million, which is a meagre 0.6% of the overall FDI of \$ 33 billion in the year 2008. In comparison to India's dismal figures, the Chinese textiles industry has been able to attract foreign investment of \$ 10 billion.

Targetting foreign direct investment (FDI) worth \$ 6 billion for the domestic textile industry by 2015, the idea is to tap foreign capital towards establishing green field units in textiles machinery, fabric and garment manufacturing and attracting investments in the field of technical textiles, an official release stated.

The trade talks which begin early next week will see the Indian contingent hold talks with leading fabric manufacturers based across Europe. The delegation will organise road-shows in Zurich (Switzerland), before visiting Milan (Italy) and Istanbul (Turkey). The Indian contingent will also visit Frankfurt and Paris, with a view to attract investments in technical textiles.

The delegation is scheduled to meet textile machinery manufacturers like Beninger, Rieter, Jacob Muller and high-end fabric manufacturers Weisbrod-Zuerrer (all in Switzerland). Other companies being looked at include Miroglio, Vincenzo Zucchi, Zegna among others (in Italy), and Bilsar (Turkey).

"We expect to attract 20% of the \$6 billion FDI target in the first year (2009-10)," Mr Maran told media persons in the capital.

According to government estimates, the country's textiles industry will require an additional investment of \$24 billion by the year 2015 to maintain a high growth rate of 8%. This may include domestic investment of \$ 18 billion and FDI of \$6 billion. In line with the government's agenda to attract foreign capital to the ailing textile industry, the government has been recently scouting for various foreign locations like in Japan.

Mr Maran said that India offers various incentives to foreign investors like low-cost labour and intellectual right protection. The government has allowed 100% FDI in the textiles sector. Indian has a vertical and horizontal integrated textiles value chain, and represents a strong presence in the entire value chain from raw materials to finished goods.

### **Jewellery exports shine on global economic recovery**

The signs of global economic recovery have given new life to the Indian diamond processing industry, with export orders rising sharply by 20 per cent for execution on the occasion of Christmas and New Year.

Export orders generally begin in August and continue till October-end. Ready jewellery items are delivered within 45 days from the date of booking.

Jewellery retailers in developed countries, especially in the US, prefer delivery a month ahead of Christmas, for display in their showrooms. This year, too, delivery is likely to be completed by November-end, for which last-minute orders are still flowing in.

According to a senior official with one of the largest jewellery exporters, "We have regained last year's lost ground. We cannot say whether the entire industry has gained the same rate of growth. But, there is a general consensus that the Indian diamond processing industry has achieved the level of export orders in 2007."

According to an estimate by the apex body, the Gems & Jewellery Export Promotion Council (GJEPC), India's exports to the US declined by 20 per cent on these two occasions that constitute about 40 per cent of total sales.

Lehman's bankruptcy triggered an economic recession in the US, to which India supplies 75-80 per cent of finished jewellery.

Data compiled by the GJEPC show that jewellery exports has turned around to positive territory, with shipments witnessing a marginal growth of 2.26 per cent in September from a sharp decline of over 30 per cent early this year.

Gems and jewellery exports constitute about 13 per cent of India's merchandise export basket. They recorded an export turnover of \$2,566 million (Rs 12,429 crore) in September 2009, as compared to \$2,509 million (Rs 11,433 crore) in the same month last year.

## **FMCG sector may grow 20% in July-Sep period: Assocham**

Riding on robust demand from rural India the FMCG sector is likely to post growth of 20 per cent in July-September period this fiscal, up from about 14 per cent in the previous quarter, Assocham said.

Despite the negative impact of scanty rainfall, demand from rural India is likely to remain robust complimented by a healthy rise in demand from urban areas, a study by the chamber said.

"The sector is likely to post growth of 18-20 per cent in the second quarter of the current fiscal...the segment had expanded by 13-14 per cent in the first quarter," it said.

It further said the FMCG market is set to more than double from the present \$14.7 billion to \$30 billion.

"FMCG sector will witness more than 50 per cent growth in rural and semi-urban India by 2010," Assocham said.

Half of the sales of Hindustan Unilever and Dabur India can be attributed to rural India, it said, adding that Nestle India and GSK Consumer drive 25 per cent sales from rural areas.

The food segment, which includes processed food and beverages, grew by 17 per cent in Q1.

"In the second quarter of this fiscal, this segment is expected to grow by 19 per cent." it added.

## **Positive outlook on investment in India, says survey**

The prospect of a global economy recovery has driven confidence across the board, supported by a sustained confidence in the domestic economy, says a survey conducted in September by JP Morgan Asset Management, in association with ValueNotes, a market research company.

The survey covered eight cities - Mumbai, Delhi/NCR, Kolkata, Chennai, Ahmedabad, Bangalore, Pune and Hyderabad.

Under the Investment Confidence Index in India, which captures the confidence of retail, corporate investors and financial advisors on the Indian economic and investment environment, the survey's findings said appetite for investment is back and advisors across the country are most confident.

Advisor confidence has recorded the highest growth, up 15.7 points, followed by corporate (9 points) and retail (6.8 points), said the survey report. Among advisors,

banks continue to be the most confident (157.2 points), breaching the 150-confidence benchmark.

The indices can move from 0 to 200, with 0 depicting the most negative outlook, while 200 depicts full and absolute confidence, whereas 100 shows a neutral position. The survey is published on a quarterly basis.

According to the survey, 56 per cent of retail investors expect their income will increase and they will make additional investments over the next six months as compared to 48 per cent in July 2009. Retail investor confidence continued to be the highest in Chennai, at 164 points, an increase of four, whereas Hyderabad remained at the lowest with 130 points.

Around half of corporate treasuries view GDP growth meeting or exceeding expectations as the biggest positive economic indicator, while there was no clear consensus among investors and advisors.

The report further added that 35 per cent of retail investors and 48 per cent of companies consider inflation the most negative economic indicator in India, while 37 per cent of advisors view the high government borrowings/fiscal deficit with concern.

### **Forex reserves up \$684 mn to \$285 bn**

India's foreign exchange reserves rose by \$684 million for the week ended October 23 to \$285.520 billion from \$284.836 billion in the previous week.

Foreign Currency Assets (FCAs), during the period, grew to \$268.348 billion as against \$267.898 billion in the week ago, the RBI said in its weekly report.

FCAs, expressed in US dollar terms, include the effect of appreciation or depreciation of non-US currencies such as Euro, Sterling, Yen held in reserves, the RBI said.

Gold reserves, during the week, stood unchanged at \$10.316 billion, while the Special Drawing Rights (SDRs) stood marginally up at \$5.267 billion from \$5.250 billion in the previous week, the central bank said.

India's reserve position in the International Monetary Fund grew to \$1.589 billion from \$1.372 billion in the week-ago, the RBI said.

### **Bilateral trade between Malaysia, India to grow**

Despite bilateral trade between Malaysia and India hit by recession, it is likely to witness a growth by early next year, Malaysian International Trade and Industry Minister Mustapa Mohamed said.

"Currently the bilateral trade between the two countries is USD 10.5 billion. Around 20 per cent of trade was affected due to recession. We are hoping to see the trade grow by early next year," Mohamed told.

Earlier, participating as the chief guest at the 10th Anniversary celebration of Marrybrown Family Restaurant here, he said the success of Marrybrown would motivate other companies in Malaysia to venture into the Indian market.

There were around 15 Malaysian companies present in the country while 20 Indian companies were present in Malaysia.

Marrybrown Founder and Malaysian operations Managing Director Nancy Liew said the restaurant was present in 13 countries having more than 300 outlets. As part of increasing their presence, new restaurants were recently opened in Dubai, Qatar, Saudi Arabia, Kuwait, Syria, Tanzania and Iran.

Marrybrown India Managing Director MGM Anand said 12 more outlets would be added to the existing 30 restaurants in South India.

### **India, Nepal renew trade treaties**

India and Nepal updated two treaties, including a 60-year-old trade agreement that would provide the Himalayan nation duty-free access to more products and allow Nepalese exporters to sell Indian goods to a third country.

Talks for both agreements were concluded during the visit of Nepalese PM Madhav Kumar to New Delhi in August 2009.

For the first time, India has allowed goods consignments to and from Nepal through Delhi, Mumbai, Kolkata and Mumbai airports. Four more land-customs routes have been approved to facilitate trade with Nepal, taking the total tally to 26.

The India-Nepal trade treaty, which was first signed in 1950 has been updated regularly. The trade treaty was last updated in 1996, but with a provision to review it after every five years. As per the new norms, the treaty will now be reviewed every seven years.

"The new treaty retains the positive features of the previous one and has some additional features," commerce minister Anand Sharma said after signing the treaty.

Under the new treaty, Nepal will export additional primary goods duty free to India without any cap on the quantity, which includes wheat flour, bran, husk, bristles, herbs, stone aggregates, boulders, sand and gravel.

The updation of the treaties comes in wake of Nepal insisting on removal of trade barriers and greater access to the Indian market. Meanwhile, China has been making

considerable inroads into the economy of Nepal, a trend which made India uncomfortable.

According to the treaty, trade between the two countries in rupee terms will now be at par with convertible currency like dollar and euro. This will lead to easier reimbursement of duties like central excise. This will make imports from India cheaper for Nepal. Indian companies that have presence in Nepal include Dabur, Hindustan Lever, Asian Paints, Bajaj Auto and ITC. "The treaty will lead to enhanced manufacturing activity in Nepal, which will increase jobs," said a commerce ministry official.

"The treaty will add to the trade volumes between the two countries," said Rajendra Mahato, Nepalese minister of commerce and supplies.

### **India, US agree on trade pact framework**

India and the US agreed on a framework to promote trade and investment and hoped to sign an agreement, even as US Trade Representative Ron Kirk pressed for further opening up of India's services sector, especially the financial market.

"The two governments agreed to work together on a framework for promoting real and meaningful cooperation in trade and investment," a joint statement issued after the sixth ministerial meeting of the bilateral Trade Policy Forum (TPF) said.

After his meeting with Kirk, commerce minister Anand Sharma said he hoped the agreement would be signed soon. Sharma said India and the US had also agreed to sign agreements on intellectual property rights and sharing of traditional knowledge digital library.

The two sides also agreed to work together to support greater involvement by small and medium enterprises in each other's markets, and to pursue initiatives in the future development of India's infrastructure, and collaboration on clean energy and environmental services and other sectors.

Pitching for greater access to the Indian services sector, Kirk hoped India would further strengthen its IPR regime. "The US has long sought greater access to the Indian market in the financial services and goods and services market and a number of areas in which there are no differences," he told reporters.

He also said the issue of H1-B visas for Indian professionals did figure in his discussions. "The US administration is working with (US) Congress to see if we can resolve these outstanding concerns related with the H1-B visas."

Officials of the two countries will meet twice a year to complete the remaining task of the TPF, formed in 2005 to discuss trade and investment issues. Kirk termed the TPF meeting as "productive" and said the two governments agreed on a framework for "promoting real and meaningful cooperation" in trade and investment.

## **Egypt invites Indian cos to set up JVs**

Egypt has invited India to build an 'India industrial zone' in the Suez development area for setting up joint ventures with Egyptian companies. Egypt's Prime Minister Ahmed Nazif, at a meeting with commerce and industry minister Anand Sharma in Cairo, offered to designate an area for setting up of the zone exclusively for Indian companies.

India could gain significantly from the offer as it would give it easier entry to the European and African markets, since Egypt has preferential access to both, commerce & industry minister Anand Sharma said. "We are very happy to receive the offer and will work on taking it forward," Mr Sharma said.

The Suez development area, located on the north-west coast of the Gulf of Suez, has lower bureaucratic barriers to business formation and provides tax incentives. The law gives more incentives for priority areas, such as infrastructure, auto parts, software, oil field services, tourism and manufacturing. The terms and conditions of investing in the proposed India zones and the tax benefits to industry are to be worked out.

"Special industrial zones in Egypt do get a lot of tax benefits. The exact structure of the benefits to be given to the proposed India zone will be worked out," a government official, said.

Indian companies have, till now, invested about \$750 million in 40 projects in Egypt. It has a significant presence in the IT and automobile sector with companies like Wipro, Satyam, Mahindra and Tatas, having invested in the country. Mahindra, which sells Scorpio in the country, is also in talks for setting up a production zone in the country while IT company TCS is expected to set up shop shortly. "Indian companies are already interested in Egypt. The India zone will help attract more investments," the official added.

Mr Sharma, who also participated in the informal mini-ministerial meeting of the African group on the on-going Doha round of the WTO trade negotiations, emphasised India's support to the cause of the least developed countries.

"It was already agreed in the September informal ministerial in Delhi that the work agenda for LDCs on all issues should be put on fast track for negotiating convergence," he said. India and the African group reviewed progress at the WTO on issues of joint interest like protecting farmers against import surges and ensuring that developed countries brought down their trade distorting farm support. The meeting was also attended by WTO director-general Pascal Lamy.

## **Investment in food industry to shoot up by 42.5%**

Investment opportunities in the Indian food industry are set to shoot up by a huge 42.5% now to US\$ 181 billion in 2015 and to US\$ 318 billion by 2020, a FICCI-E&Y study on India's food industry has said. The study Flavours of Incredible India-

Opportunities in the Food Industry has noted that the food industry accounts for a big 30% of the consumers wallet.

Infact, 70% of the current food spend by the Indian consumer is on agri produce, the study says. Two thirds of this is sepnt on primary and secondary processed products. Among agri products, Fruits and Vegetables (F&V) is the largest consumption category and accoutns for over 50% fo the total consumption. Milk, milk products, meat and meat products account for the remaining 30% spend and have been growing at a faster rate as compared to agri products.

The key drivers of the sector have been identified as an increase in per capita disposable income by 8% over the last five years, leading in turn to an additional per capita spend on food by 20% in the same period. The current per capita invome on food is 1/6th that of China and 1/16th that of the USA; growth in the size fo the middle class to av ery rich class that is projected to increase at more than 300% between 2005 and 2015 even as the youth population catapults annually by 11%. This will lead to an increasing demand for food products to meet demands of convenience, health, variety and changing palate, the study says.

The study said the growth in food sector would help in re-organising the supply chain to enable reduction of post harvest losses, especially in fruits and vegetables which now amounts up to 25 per cent by value. "This would mean an opportunity to set up warehouses, cold stores and logistics infrastructure," it said.

The sector would also create a base for exports of value added food products with current shipments of tertiary food products only at 9 per cent of overall food exports, it said, adding that launch of new products and increasing penetration of processed foods has a huge investment potential.

### **New policy to boost Indian defence sector**

In an effort to promote indigenisation of the Indian defence industry, the new defence procurement procedure (DPP) 2009, would have a new category of 'Buy and Make (Indian)' under transfer of technology.

The DPP-2009 would also ensuring transparency and accountability in all procurement cases and liberalise offset provisions to enable vendors to fulfil their obligations. The DPP-2009 will be effective from November 1, 2009.

A new category of 'Buy and Make (Indian)' has been introduced. If a project is selected by the Defence Acquisition Council to be categorised as 'Buy and Make (Indian)', Indian firms, both public and private, will play a lead role in negotiating and obtaining technology and co-production arrangements with the foreign original equipment manufacturers (OEMs). As such, the request for proposal will be issued to the Indian firms and not to the foreign OEMs. Under the existing procedure, if an item is categorised as 'Buy and Make', the government identifies a production agency for transfer of technology. This method did not encourage formation of joint ventures

(JVs) or alliances for co-production with Indian companies. Under DPP-2009, Indian firms identified to have requisite technical and financial capabilities would be required to submit project proposals indicating detailed roadmap for development and production of the items over its life cycle. They will also be required to spell out the proposed production arrangement with the foreign OEM along with the content of the transfer of technology (ToT). The product so manufactured and supplied by the Indian company must have 50% indigenous content.

DPP-2009, would enable pro-active participation of Indian industry in manufacturing defence products through co-production arrangements, such as JV, with foreign manufacturers and through transfer of technology. A major impediment in the growth of defence industry in the country has been lack of information with the domestic industry on defence requirements. Such information has generally been treated as classified. Consequently, the indigenous industry is unable to plan R&D technology, upgradation or joint collaboration with associated foreign industries. Under Amendment 2009 to the DPP-2008, a public version of the Long Term Perspective Plan of the Armed Forces outlining technology perspective and capability roadmap covering a period of 15 years will be widely publicised and made available on MoD website. Further, to facilitate active participation of domestic industry in acquisition planning, representatives of companies and Industry Associations will be invited for presentations and consultations in procurement meetings before decisions on the source of procurement.

### **India among top 10 Asian countries in CSR practice**

India has been named among the top ten Asian countries who are paying an increasing importance towards corporate social responsibility (CSR) disclosure norms, a survey says.

According to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), India was ranked fourth in the list, which was topped by Australia.

The other countries in the list include China (second), Hong Kong (Third), Japan (fifth), Malaysia (sixth), Pakistan (seventh), Philippines (eighth), Singapore (ninth) and Thailand (tenth).

The 2009 ASR list was dominated by Australian companies, with eight out of the top ten companies analysed coming from there, followed by India, the survey said.

However, the report further said although there are increasing levels of disclosure in the Asian region, it still is generally poor compared with Europe and North America.

"In India we find surprisingly high levels of disclosure, particularly from large companies with recognised brands such as Tata and Infosys. Leading oil companies (such as ONGC and the Indian Oil Corporation) also have reasonable levels of disclosure," the report said.

## **Indians most optimistic lot in the world: Nielsen**

Indians have emerged as the most optimistic lot globally, with improving economic conditions, better growth and job prospects making them more confident, a report by global consultancy firm The Nielsen says.

According to the survey, India has topped latest round of Nielsen's Consumer Confidence Survey with 120 index points.

The country is followed by Indonesia and Norway with 115 and 110 index points, respectively.

Indicating a rebounding consumer confidence across the world, Nielsen's global consumer confidence index has also seen an increase and has jumped to 86 points this month from 77 index points in April this year.

The consumer confidence is a reflection of the optimism in a country towards job prospects, personal finances, and their willingness to spend on discretionary items.

"Economic downturn is finally subsiding not only in India but across the world and improving economic condition and prospect of growth are infusing more confidence in people," The Nielsen Co Director(Consumer Research) Vatsala Pant said.

Indians are also most optimistic lot globally when it comes to job prospects and state of personal finances for the next 12 months.

"At present it looks like Indian economy and people's confidence is on a fast improving trajectory. Everything looks positive from point of view of job market, people's finances and investments. If things continue the way they are downturn in India will soon become history," Pant said.

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## External Sector: Foreign Trade 2008-09

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