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News Feature

Govt likely to up GDP target for FY11 on high Q2 performance

Encouraged by better than expected economic expansion of 8.9 per cent during the July-September quarter, the government is likely to revise upwards its earlier GDP projection of 8.5 per cent for the entire fiscal.

This may be mentioned in the mid-year review of the economy, which is to be placed in Parliament on December 7.

"The government is coming out with mid-year review (of the economy) on December 7," Chief Economic Advisor Kaushik Basu said on the sidelines of a Ficci-organised interactive session with Managing Director of International Monetary Fund , Domnique Strauss-Kahn.

On the possibility of the government's revising upwards the current forecast of 8.5 per cent growth for this fiscal, Basu said: "We had earlier given a projection of 8.5 per cent. We will revise it. It is very very likely that it will be revised a little bit (upwards)."

He said India had disagreed with IMF when it projected a growth rate for the country that was higher than the Ministry of Finance forecast.

"However, (with) the number that came in earlier this week I am delighted to say they seem to be more right than we were. A growth rate of 8.9 per cent in the second quarter is a remarkable performance, because this was the quarter one year ago when the economy really picked up," he said.

He added, " (So) there is no base effect advantage. In fact, there is disadvantage against which we have done it once more. We were expecting to be in an around 9 per cent growth by next year. All we know is that future has come upon us sooner than we were anticipating."

Basu's comment comes within days of the government data release showing that the country registered an economic growth of 8.9 per cent during the July-September quarter.

The Government also revised the first quarter growth to 8.9 per cent from 8.8 per cent, taking the pace of economic expansion to 8.9 per cent in the first half.

http://economictimes.indiatimes.com/news/economy/indicators/Govt-likely-to-up-GDP-target-for-FY11-on-high-Q2-performance/articleshow/7030180.cms

Oct exports jump 21.3 pc to USD 18 billion

India's merchandise exports rose 21.3 per cent to USD 18 billion in October over the year-ago period, boosting hopes that the USD 200-billion target for the current fiscal will be met.

Imports during the month grew by 6.8 per cent to USD 27.68 billion, leaving a trade deficit of USD 9.72 billion, according to the Commerce Ministry data released.

Exports in October last year were valued at USD 14.8 billion, while imports were worth 25.9 billion.

The growth in exports has outpaced that in imports for the first time in the past 3-4 years.

"The growth in export is primarily due to the overall improvement in the export scenario across products, barring a few," A Sakthivel, President of Federation of Indian Export Organisation, said.

There is improved demand in the key markets of US and EU, besides an increase in exports to Africa and Latin America.

For the first seven months (April-October), exports rose at a faster pace of 26.8 per cent at USD 121.3 billion against 26 per cent growth in imports at USD 194.1 billion.

All the big-ticket items such engineering goods, gems and jewellery, chemicals and petroleum products have posted positive growth in the first seven months of the fiscal, the official said.

Exports of tea, tobacco, cashew and handicraft, however, declined.

Encouraged by sustained upward trend in exports, the government officials sounded optimistic of meeting the USD 200 billion export target set for this fiscal. The target was announced in the Foreign Trade Policy in August last year.

"Exports will cross USD 200 billion mark," an international trade expert with IIFT Rakesh Mohan Joshi said.

Commerce Secretary Rahul Khullar had last month said that exports are likely to surpass the target.

Government sources said the country is likely to end the year with import-export gap of about USD 125 billion.

"Fieo is confident that despite the rise in the trade deficit, the situation will stay within manageable limits," Sakthivel said.

Oil imports and non-oil imports during the month under review grew by 0.3 per cent to USD 8.41 billion and 9.9 per cent to USD 19.27 billion, respectively, according to the data.

During April-Oct 2010-11, oil and non-oil imports grew by 24.6 per cent to USD 57.12 billion and 26.7 per cent to USD 137.04 billion, respectively.

http://economictimes.indiatimes.com/news/economy/foreign-trade/Oct-exports-jump-213-pc-to-USD-18-billion/articleshow/7023232.cms

Q2 GDP nos set pace for 9% growth, farm sector robust

India's economy grew a robust 8.9% in the three months to September aided by a strong expansion in services and a monsoon-driven jump in farm output , giving the government room for some fiscal tightening and the central bank more ammunition to target sticky inflation.

The better-than-estimated growth in gross domestic product (GDP), or value of all goods and services produced in the economy, raised hopes of the economy returning to 9%-plus growth rates sooner than expected. The economy grew 8.9% last quarter . The farm sector expanded at its fastest rate in 11 quarters at 4.4% while services expanded 9.8%, highest in the last one year.

“We may be confident that at the end of this year, GDP growth will not be less than 8.7-8 .75%... It may be more,” Finance Minister Pranab Mukherjee said.

The robust 7% rise in the index for the six infrastructure industries in October added to the cheer by indicating that industrial growth could improve sharply from the 16-month low of 4.4% recorded in September.

More room for interest rate hike.

The core industries have a combined 26.7% weight in the index of industrial production. “New consensus estimates (for GDP growth) could be in the range of 8.8-9 %,” said Abheek Barua, chief economist with private sector lender HDFC Bank . A 9%-growth was a possibility in the current fiscal, he said.

The strong performance will help dispel doubts that the growth momentum could be moderating even before the central bank got a grip on inflation. Naina Lal Kidwai, country head of HSBC group, endorsed a bright outlook for investments . “We will see more investments by industry next year because in lots of companies, capacity utilisation is over 90%,” she said.

http://economictimes.indiatimes.com/news/economy/indicators/Q2-GDP-nos-set-pace-for-9-growth-farm-sector-robust/articleshow/7019584.cms

Overseas Investment

Indians remitted $50 billion in 2009; sent more than global counterparts

Indians working overseas send more money back home than any of their global counterparts, remitting $ 50 billion in 2009 despite a worldwide economic slowdown and anti-immigration measures adopted by industrialised countries, according to a report.

In contrast, overseas workers from neighbouring China remitted $47 billion during the year, as per the World Migration Report 2010.

Together, the two Asian giants accounted for nearly half of total remittance inflows into Asia, which were pegged at $ 162.5 billion in 2009. This translated into about 39 per cent of total global remittances.

At a time when migrants are subjected to numerous difficulties, "governments have to make targeted and concerted efforts in managing migration",said the International Organisation for Migration (IOM), which brought out the report.

"The international community risks losing a historic opportunity to take advantage of this global phenomenon if adequate policies and resources are not put into place in a timely manner," the report warned.

India is one of the prominent sources of both inward and outward migration.

"The Indian diaspora numbers almost 25 million persons, 10 per cent of whom can be found in the USA," said the report, adding that the other destinations with a sizeable Indian population include Singapore, Malaysia and Gulf states.

In South-Central Asia, which includes Bangladesh, India, Nepal, Pakistan and Sri Lanka, the number of international migrants "is on the rise again, with an estimated 14.3 million migrants in 2010," as per the report.

http://economictimes.indiatimes.com/news/economy/finance/Indians-remitted-50-billion-in-2009-sent-more-than-global-counterparts/articleshow/7011644.cms

Opening up India sectors will raise FDI: Lagarde

French investment in India will increase once the country further opens up its retail and insurance sectors to foreign investors, French Finance Minister Christine Lagarde said.

Opening up various sectors to greater amounts of foreign direct investments (FDI) is an ongoing process in India, with many long-standing reforms delayed by domestic political deadlock.

http://economictimes.indiatimes.com/news/economy/foreign-trade/Opening-up-India-sectors-will-raise-FDI-Lagarde/articleshow/7052243.cms

Trade News

Belgium seeks strong ties with India in IT, gems & jewellery

Belgium has evinced interest in further boosting economic ties with India in sectors like IT, gems and jewellery, non-conventional energy sources and education.

Belgian Ambassador Jean M. Deboutte said: "We can strengthen our economic ties with India by increasing our cooperation in the IT, non-conventional energy sources and education along with gems and jewellery."

He said: "Forty percent of gems and jewellery in Belgium are imported from India and almost seventy to eighty percent Indians staying in Belgium are associated with the gems and jewellery trade."

"Around 180 Belgian companies including small and medium enterprises are operating in India. Infinity, Xsyxys and Vincke. Quite a large number of Indian companies including Videocon, TCS, ICICI Bank are doing business in Belgium," he said.

http://economictimes.indiatimes.com/news/economy/foreign-trade/Belgium-seeks-strong-ties-with-India-in-IT-gems--jewellery/articleshow/7041968.cms

India, Russia likely to ink $30-bn deal for fighter aircraft

India and Russia are expected to sign an estimated $30-billion deal for the fifth-generation fighter aircraft (FGFA) design contract during the forthcoming visit of the Russian President Dmitry Medvedev.

According to sources, the cost of developing FGFA is being shared between India and Russia, which is around $30 billion, the Indian side so far has put in $250 million. The unit price of each fighter planes is likely to be nearly $1 billion. Cost is the key difference between the Russian T-50 fighter and the F-22, the world's first fifth generation mass-produced combat fighter.

At the10th meeting of the India-Russia Inter-Governmental Commission on Military Technical Cooperation in October, both sides finalised a draft contract. Sources told FE, "The draft contract was also discussed with the Russian foreign minister Sergei Lavrov who was in New Delhi for a one-day visit ahead of President Medvedev's visit to the country late in December."

The new aircraft will be based on Russia's T-50 prototype fifth-generation fighter, which has already made several test flights, and is expected to enter service with the Russian Air Force in 2015.

With the FGFA India and Russia expect to match, or even outsmart, the F-22 Raptor, the latest fighter jet of the US. The F-22 Raptor of the US is the only fifth-generation fighter plane in the world.

According to an agreement signed in October 2007, India joined Russia in Sukhoi's FGFA programme, and the two countries are hoping to complete all procedures and to finalise a commercial contract for the aircraft deal next month.

While India is developing its own two-seater version of the FGFA, Russia's version is single-seater jet. Many senior officials from the defence ministry as well as Indian Air Force officials have visited the Komsomolsk-on-Amur Aircraft Production Organisation (KnAAPO) plant which has produced at least 3 prototypes of the FGFA.

HAL and the United Aircraft Corporation (UAC), of Russia, had signed a contract to build 300 FGFA for the IAF and an equal number of aircraft for the Russian Air Force. However, the option for further planes has been kept open.

http://financialexpress.com/news/india-russia-likely-to-ink-30bn-deal-for-fighter-aircraft/718796/0

Sarkozy's India visit to give a fillip to defence ties

French President Nicolas Sarkozy is visiting India from December 4-7 to boost strategies for enhancing bilateral business cooperation and with an eye on increasing French firms' share in the country's 10-year $50-billion defence spending.

On the invitation of Prime Minister Manmohan Singh, the French president Nicolas Sarkozy, accompanied by Carla Sarkozy, a high-level delegation including several key ministers of his Cabinet, senior officials, business persons and media, will be paying a working visit to India later this week.

The French President will commence his visit in Bangalore on December 4, 2010, where he will visit Indian Space Research Organisation. Senior officials told that the French leader is expected to make a case for French defence companies to India. Indian armed forces are currently procuring weapons from Russian, Israeli and US companies.

PSA Peugeot Citroen, which is looking at India to expand its car business, is expected to make an announcement about its upcoming India plans during Sarkozy's visit. Interestingly, while Russian, US and Israeli firms have won contracts topping a billion dollars, annually, France had just one major contract in 2005 to supply submarines worth $2.5 billion. Defence agreements including the modernisation of 56 Mirage 2000-H for 1.5 billion euros ($2.1 billion)is expected to be inked during the visit.

India is set to decide on an $11-billion deal for 126 fighter jets where Dassault's Rafale is back as a contender after it was initially knocked out of the race for technical reasons last year. India and France have been negotiating the upgrade of the Mirage-2000s for over three years, but it is only now that they have narrowed down their differences over the project cost.

http://financialexpress.com/news/sarkozys-india-visit-to-give-a-fillip-to-defence-ties/718792/0

Afghanistan seeks India help to boost agri sector

Afghanistan is looking forward to strengthen its investment relationship with the private sector in the field of agriculture in India. The country seeks to explore investment opportunities with the private companies and value chains of fruits and vegetables, animal products, medicinal herbs etc.

Agriculture, irrigation and livestock minister of Afghanistan Mohammad Asif Rahimi said on the sidelines of CII Agrotech 2010, “We want the private companies from India to set up their units in Afghanistan to create more jobs. We are ready to provide the companies with legal framework, land for cultivation purposes, credit to the farmers and other basic infrastructure to operate.”

Rahimi further added, “We have set a target of investing around $ 4 billion into agriculture over the next three years for increasing the soil productivity, better water management, institutional capacity building etc. Out of the 8 million hectare of agricultural land in Afghanistan only 1.8 million hectare is under irrigation and the rest is rain fed. Through this exhibition we aim to explore new technologies to revitalise our agriculture sector.”

Afghan farmers revealed that about 80% of the water from natural resources is wasted due to lack of check dams or proper irrigation channels. They aim to replicate the drip irrigation and cold storage system from India. Hidayatullah, managing director, Samsor Ban agricultural services, Kabul told FE, “Factors like improper irrigation channels, outdated machinery, no pest control etc affect our crops adversely. We are keen on importing farm machinery from India as importing from Europe is very expensive. After studying the agriculture system in Turkey, Israel, Thailand, China and India we want to use the same irrigation means and technologies as used in India. Drip irrigation, solar water pumps and cold storage system are a few techniques we are keen on replicating on our fields.”

Meanwhile the exports of fresh fruits and dry fruits is on the rise from Afghanistan to India. As per Rahimi India is the largest trade partner for Afghanistan. “Traders make more profits if their products reach India. The exports list includes almond, raisins, melon, apples, walnut, pomegranate, cherries, apricot, saffron etc. In the future we plan to export olive oil, cut flowers, rose oil, pashmina and medicinal herbs to India,” said Rahimi. The exporters also want to increase the quantity of cherries and apricot being exported to India.

http://www.financialexpress.com/news/afghanistan-seeks-india-help-to-boost-agri-sector/720753/0

Sectoral News

India Nov factory PMI jumps, export orders pick up

India's manufacturing sector expanded at its fastest pace in six months in November on the back of robust new business and a sharp rise in export orders, a survey showed.

The HSBC Markit Purchasing Managers' Index, based on a survey of 500 companies, rose to 58.4 from 57.2 in October. It was the strongest level since May, when it was 59.

The November reading marked the 20th consecutive month that the key index of manufacturing in Asia's third-largest economy has been above the reading of 50, which divides growth from contraction.

"The momentum in manufacturing picked up further in November. Output accelerated and growing order books point to a continued strong momentum in the months ahead," said Leif Eskesen, chief economist for India & ASEAN at HSBC.

Official data showed India's economy grew by a blistering and faster-than-expected 8.9 per cent in the September quarter from a year earlier, boosted by farm output and manufacturing.

That is likely to add pressure on the central bank to continue raising interest rates, though traders do not see another hike until early next year.

Inflation, though easing slightly, was still way above policymakers' comfort levels at 8.58 per cent in October and the latest growth figures might cause the Reserve Bank of India (RBI) to rethink the pause in its policy tightening cycle.

In the November PMI survey all but two sub-indexes showed expansion, indicating further strength which will push prices higher.

The survey also showed that manufacturers saw a big jump in overseas orders and attributed this to an improvement in global economic conditions.

The input price index surged to a six-month high of 62.5 from October's 60.9, mainly due to increasing raw material costs, which will continue to drive up output prices as manufacturers pass the higher costs to consumers.

http://economictimes.indiatimes.com/news/economy/indicators/India-Nov-factory-PMI-jumps-export-orders-pick-up/articleshow/7020897.cms

Core growth hits 7-month high at 7% in Oct

The index of six key infrastructure industries rose 7% in October from a year ago, a seven month high, indicating that the industry could revert to high growth rates soon after two disappointing months.

The six core industries-crude oil, petroleum refining , coal, electricity, cement and finished steel-have a combined weight of 26.7% in the index of industrial production (IIP) and are considered an advance indicator of industrial activity.

The performance is driven by a 16.8% increase in cement output and a 6.2% rise in production of finished steel, data showed. Cement and steel are key inputs for the construction sector and indicate a good post-monsoon activity.

Strong growth in construction has played a big role in the 8.9% rise in the GDP in the second quarter and is being seen as the key to Indian economy continuing to grow at high rates.

The core sector growth had dropped to a 16-month low of 2.7% in September, dragging the industrial growth down to 4.4% in the month.

The buoyancy in cement output could be latent demand because of the disappointing first half. The price increase in September also suggests a good demand for the commodity.

“This is a very encouraging sign. There is a positive relation between infrastructure industry growth and manufacturing growth and the number for October may be expected to be high at around 8-9 % once again notwithstanding a high base year effect, said Madan Sabnavis, chief economist, Care Ratings.

The industrial growth numbers for October will be released on December 13.

http://economictimes.indiatimes.com/news/economy/indicators/Core-growth-hits-7-month-high-at-7-in-Oct/articleshow/7019878.cms

Agriculture GDP grows 3.8% in H1

Agriculture and allied sector grew by 3.8% in the first six months of the current fiscal, against 1% in the year-ago period on the back of better kharif crop output.

According to the GDP data released by the Central Statistical Organisation (CSO,the country's farm sector grew by 2.5% and 4.4% each in the first two quarters of the current fiscal, against 1.9% and 0.9%, respectively, in the same period last year.

"Apart from production of kharif crops, the growth in 'agriculture, forestry and fishing' estimates of GDP in the second quarter are based on the anticipated production of fruits, vegetables and other crops, livestock products, forestry and fisheries, which show growth in the range of 3-4%," the official release said.

In 2009-10 fiscal, the agriculture sector recorded its lowest growth in five years, at 0.1%, due to widespread drought across the country. The sector had grown by 1.6% in the previous fiscal.

The government has set a target of 4% farm growth per annum in the 11th Five Year Plan period (2007-12).

According to the first advance estimate released by the agriculture ministry, overall foodgrain output in the 2010-11 kharif season is pegged higher at 114.63 million tonne.

http://www.financialexpress.com/news/agriculture-gdp-grows-3.8-in-h1/718252/0

Food Safety and Standards Act to come into force from Jan 2011

An integrated food law 'Food Safety and Standards Act' (FSSA) will come into force in January next year replacing the Prevention of Food Adulteration Act, a senior official said.

"From January next onwards the Prevention of Food Adulteration Act which is currently in force in the country will be repealed and the 'Food Safety and Standards Act' will come into being. The new law is a scientific law which tries to promote food safety," Food Safety and Standards Authority of India (FSSAI) Chairman P I Suvratan said.

Addressing the 43rd Annual National Conference of Indian Dietetic Association at the National Institution of Nutrition (NIN),he said "The rules and regulations of the FSSA are ready and it has gone to the Government of India for notification. By January, I think it will be notified by the Government and once it is done each state will now have to withdraw the Prevention of Food Adulteration Act," he said.

Suvratan said "not many countries have a comprehensive functional food laws even now and India will be the first one to think about in that direction and we are proceeding very cautiously."

"FSSA is having a scientific approach to development of food standards and to regulate whole food supplements in the country. Henceforth, we will be working with the manufacturers who will be responsible to ensure food safety."

http://economictimes.indiatimes.com/news/economy/policy/Food-Safety-and-Standards-Act-to-come-into-force-from-Jan-2011/articleshow/7037790.cms

Govt for greater role of pvt sector in defence industry

Government is taking steps to enhance the role of private sector in the defence industry by encouraging consortiums and joint ventures, Minister of State for Defence M M Pallam said.

"We have relied on public sector in the past but increasingly we want to leverage the capabilities of private sector," he said while addressing the Defence Communication seminar.

"These options include promoting consortium, joint ventures and public private partnership. The ultimate aim is to create indigenous capabilities and achieve the aim of self-reliance in the defence sector," he added.

On the ambitious Tactical Communication System (TCS) networking project of the Army, Raju said after a few delays, the programme was "well on the way.

"This project is in progress under the 'Make' category and provides the Indian industry an excellent opportunity to seek its share in defence production," he added.

Speaking on the occasion, Army Chief General V K Singh said the armed forces were moving towards network-centricity from platform-based capabilities.

"Networks, whether they are human or electrical, ensure that there is greater amount of synergy between various levels and between the various ingredients of the force," he said.

http://economictimes.indiatimes.com/news/economy/policy/Govt-for-greater-role-of-pvt-sector-in-defence-industry/articleshow/7030012.cms

Coffee exports rise 57 pc in Jan-Nov to 2.71 L tn

Coffee exports from India rose by over 57 per cent in the first 11 months of the current year to 2.71 lakh tonnes buoyed by increased production.

The country had docked 1.72 lakh tonnes coffee during the January-November period of the last year, Coffee Board data revealed.

Asia's largest coffee exporter, India had exported 2.04 lakh tonnes coffee in 2009-10, up from 1.96 lakh tonnes in the 2008-09 fiscal.

"India exports 70 per cent of its coffee production. A rise in production thus results in increased shipments. This apart, overseas demand has been strong," a Board official said.

According to Coffee Board estimates, production in India during the year is likely to go up to 3.08 lakh tonnes from 2.89 lakh tonnes last year.

India's biggest coffee market overseas are Italy, Germany and Russia . Together, these three countries constitute over 40 per cent of India's total exports.

With the projected spurt in output, Coffee Board has been encouraging exporters to look beyond the traditional markets of Japan and the US, the world's largest consumer of the beverage.

"The US is the world's largest coffee-consuming nation. They consume more than our entire output in a year. Japan has also a good market. So our motive will be exporting as much as possible in these markets," Coffee Board Chairman Jawaaid Akhtar said recently.

http://economictimes.indiatimes.com/news/economy/foreign-trade/Coffee-exports-rise-57-pc-in-Jan-Nov-to-271-L-tn/articleshow/7025245.cms

FMCG firms take to digital advertising

In a bid to connect with consumers directly, FMCG majors are increasingly opting for digital advertising and consumer engagement modules — deviating from the traditional mode of marketing. Even as Marico is working on a digital communication module to promote its select brands, Dabur has just begun to invest in digital media to promote its juice brands Real and Active.

FMCG majors Hindustan Unilever Ltd (HUL) and PepsiCo India are also betting big on digital media to connect with their target audience. “Recognising the growth potential of digital medium in India, FMCG majors are now investing in digital medium to woo young consumers. It’s also a cost-effective medium,” said an industry analyst based in Mumbai.

On the company’s digital strategy, Sunil Duggal, chief executive officer of Dabur said, “We have just begun net advertising to promote our juice brands. We are looking at digital as an important media vehicle for the future. So, we are increasing our digital media spend this fiscal.”

Sameer Satpathy, executive vice-president, Marico emphasised the importance of digital because of its focus on consumer. “Consumers are changing, so we need to change our communication strategy. The potential we see lies in the mobile. Because with things like voice SMS, you can cut through and reach the target.”

According to Satpathy, from the marketer’s perspective, digital media is very beneficial to reach out to a wider target audience.” With this media, you know every single consumer and can target him or her, and there’s the return on investment perspective as well,” he added.

http://www.financialexpress.com/news/fmcg-firms-take-to-digital-advertising/720182/0

News Round-Up

IMF chief describes India as economic power house

IMF Managing Director Dominique Strauss-Kahn described India as a "leading power" and an "economic powerhouse" going by the performance of the economy.

"Your result here in terms of economic growth and also in terms of inclusive growth are really amazing", he told after a meeting with Finance Minister Pranab Mukherjee.

"We had a very frutiful discussion and relationship between India and the IMF is expanding", he said on the meeting with Mukherjee.

"India is becoming one of the leading power in the world. It is really an economic powerhouse", he said.

"The forecast we had in the IMF is exactly what you are following now which is probably the maximum that the Indian economy can provide these days. So you are running as fast as you can," he said.

IMF has projected Indian economy to grow by 9.7 per cent in 2010 though it uses a different methodology for its calculation.

India, which uses different computation for calculating GDP than IMF, however, expects the economy to grow by 8.5 per cent this fiscal.

The IMF chief said higher economic growth than what is being witnessed by India may lead to risks of inflation and high current account deficit in the country.

http://economictimes.indiatimes.com/news/economy/indicators/IMF-chief-describes-India-as-economic-power-house/articleshow/7029174.cms

Fiscal deficit target to be met despite extra spending

The government expects to keep additional spending for this fiscal below Rs 1 lakh crore which matches the extra income it has received from the sale of 3G spectrum and tax revenue increase over the budgeted target, a senior finance ministry official told. This means the fiscal deficit target for this fiscal — 5.5% of GDP— would be met, but not outperformed, the official added.

Fiscal deficit is the excess of government expenditure over its revenue. It denotes the level of borrowings. He said, "The government has got Rs 65,000 crore extra (over the budget target) from the sale of 3G spectrum. In addition, another Rs 30,000 crore is expected from increased revenue collection over the budgetary target. So, the additional spending could be kept somewhere in the region of Rs 1 lack crore." Of the two supplementary demand for grants, the government has received over Rs 74,000 crore.

The Centre recently has sought parliamentary approval for a gross additional expenditure of Rs 44,945.52 crore in 2010-11 which includes net cash outgo from the exchequer of Rs 19,812.37 crore and the rest garnered through internal savings of the ministries concerned. The additional funds would be used for payments including fertilizer and food subsidy and construction of rural roads.

It has already taken an additional Rs 54,588.63 crore in the first supplementary demand for grants in August. The government is confident that the additional spending would not upset its fiscal deficit targets. "Finance minister is keen to control fiscal deficit at 5.5 % level for this fiscal," the finance ministry official said.

While tax revenues have risen by 58.4% between April to September this year, the government has also earned Rs 1,00,000 crore from 3G spectrum auction as against the Budgeted Rs 35,000 crore.

http://www.financialexpress.com/news/fiscal-deficit-target-to-be-met-despite-extra-spending/718270/0

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