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Government of India

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CONTENTS

News Feature

Exports rise 11% at $20 bn in Oct

India's exports grew year-on-year by 10.8% to $19.9 billion in October while imports expanded at a sharper rate, leaving a big trade deficit of $19.6 billion.

Imports increased by 21.7% to $39.5 billion in October, according to data released by Commerce Secretary Rahul Khullar.

For the cumulative April-October period, exports aggregated to $179.8 billion, showing a handsome growth of 46%, thanks to sterling trend witnessed in the previous months of the current fiscal.

Imports for the seven-month period stood at $273.5 billion growing by 31%, while leaving the trade gap of $93.7 billion.

"Exports growth continues to look good and every sector is posting good growth," Khullar told.

http://businessstandard.com/india/news/exports-rise-11-at-20-bn-in-oct/150452/on

RBI deputy gov sees FY12 growth around 7.5-7.6 pc

The economy is expected to grow around 7.5 to 7.6 percent in the current fiscal year that ends in March, Subir Gokarn, a deputy governor of the RBI said,adding that the impact of rate hikes is visible on economic growth.

Gokarn also said the economy is clearly in a slowdown mode.

Earlier, industrial output grew at its slowest pace in two years in September, providing further evidence of deceleration in the economy and raising the odds of a pause in the central bank's 20-month-old policy tightening cycle.

Production at factories, mines and utilities grew 1.9 percent from a year earlier in September, lower than an downwardly revised 3.6 percent growth a month ago and below the median forecast for a 3.5 percent rise in a Reuters poll.

http://economictimes.indiatimes.com/news/economy/indicators/rbi-deputy-gov-sees-fy12-growth-around-7-5-7-6-pc/articleshow/10691036.cms

Overseas Investment

FDI outflows in October at USD 2.06 bn

Overseas investments by Indian companies in October stood at USD 2.06 billion, with Cox and Kings and Tata Communications emerging as the major investors.

The FDI outflows in last month were 40 per cent less than the USD 3.46 billion outflow in September.

According to the RBI data released,as many as 330 overseas investment transactions were carried out by various companies in October.

Cox and Kings India committed USD 280.56 million in its UK-based wholly owned subsidiary (WoS)-- Prometheon Holdings (UK) Ltd -- which is engaged in transport, storage and communication services.

Cox and Kings India also made five other investments worth a total of over USD 8.05 million in its WoSs, based in Honk Kong, Singapore, the UK and Japan.

Tata Consultancy Services has committed USD 48.92 million in its UK-based join venture Diligenta Ltd. The subsidiary is engaged in community, social and personal services.

Another Tata Group firm, Tata Communications Ltd has committed USD 162.5 million in its Singapore-based WoS, VSNL International Pte, which is also engaged in transport, storage and communication services.

In the first seven months of this fiscal (April-October), the outward FDI stood at USD 21.07 billion.

While Indian companies are spreading their overseas footprints, the FDI inflows in the April-September (latest data available), too, went up by a huge 74 per cent to USD 19.13 billion from USD 11 billion in the corresponding period last year.

http://economictimes.indiatimes.com/news/economy/indicators/fdi-outflows-in-october-at-usd-2-06-bn/articleshow/10729882.cms

Lock-in norms for FDI in real estate may be relaxed

The government may relax minimum lock-in norms for FDI in real estate. It is considering a lock-in of three years on the original FDI brought at the time of starting the business. As of now, the lock-in applies to every tranche of investment brought in by a foreign player — a key deterrent for FDI.

If the proposal gets a go-ahead from the Department of Industrial Policy and Promotion (DIPP), foreign players could easily repatriate profits from their investments in the country and save the original investment, which is $5 million. This means that the minimum lock-in period for foreign direct investment in real estate, which bars repatriation of profits, would only apply to the stipulated original investment, which is pegged at $5 million. Any amount invested in tranches over this can be repatriated.

In 2009, DIPP had said in a notification that lock-in period would apply to the "entire investment" brought in by the foreign player in a project.

According to FDI regulations, a foreign investor has to bring in a minimum $5 million to participate in a joint venture (JV) with an Indian developer while the rest of the money can be brought in later, in tranches.

For instance, if a foreign fund invests $500 million, the interpretation has been that it can recover and repatriate up to $495 million before three years while the balance $5 million can be repatriated only after three years. However, the department issued a notification in 2009 saying original investment would apply to entire investment brought into the project. The move is construed as a deterrent for FDI in real estate that could dissuade foreign investors from the Indian market and dampen their investment plans in India.

http://www.financialexpress.com/news/lockin-norms-for-fdi-in-real-estate-may-be-relaxed/874028/0

Govt speeds up process for decision on FDI in multi-brand retail

In an attempt to dispel the impression of 'policy paralysis', the Government is fast-tracking the process for a decision on foreign direct investment (FDI) in multi-brand retailing.

It has also indicated that a proposal for increasing FDI in single brand retail might be considered simultaneously by the Cabinet.

A senior official told, "The proposal for allowing FDI in multi-brand retail has been sent for inter-ministerial consultations. Our effort would be to collate the views and present the proposal before the Cabinet as early as possible."

The Department of Industrial Policy and Promotion (DIPP) is steering the proposal.

According to the official, there has been lot of discussion on increasing the FDI limit to 100

per cent in single brand retail. The Committee of Secretaries, in its meeting held on July 22, had proposed that FDI in multi-brand retail trade be permitted up to 51 per cent. This could cover the sale of unbranded products, it had added.

It had also said that at least half of the investment could be in back-end infrastructure which would be suitably defined by DIPP. It was advised to include design improvement, quality control mechanism and packaging in the definition. The Committee had also felt that the minimum FDI to be brought into a project should be $100 million.

It had recommended that retail sales locations be set up only in the cities with more than 10 lakh population (Census of 2011). There are 51 such cities.

Allowing FDI in multi brand retail will require the free movement of agricultural produce. In this regard, the Committee had advised the Department of Agriculture and Cooperation to urge the States to expedite reforms in the Agriculture Produce Marketing (APMC) Act.

http://www.thehindubusinessline.com/todays-paper/article2625140.ece

Trade News

India announces USD 100 mn credit facility to Maldives

Prime Minister Manmohan Singh announced a USD 100 million Standby Credit Facility to Maldives and a number of other key initiatives, including building the capacity of Maldivian security forces, boosting India's ties with this strategic island nation.

The crucial decisions, taken during talks between Singh and Maldivian President Mohamed Nasheed, assume significance as these reflect India's growing outreach towards the tiny island nation in the Indian Ocean amidst attempts by China to make inroads rapidly in the region.

Recognising the common threat from terrorism and piracy, the two sides decided to undertake coordinated patrolling and aerial surveillance, exchange information and develop an effective legal framework against these.

Singh, who was here primarily for the 17th SAARC Summit, was accorded a rare honour when he addressed the 'People's Majlis' (Maldivian Parliament), becoming the first

foreign head of government or State to do so in its history of 78 years.

The two sides signed six agreements, including a historic framework accord on development cooperation and a pact under which India will extend a Standby Credit Facility of USD 100 million to help stabilise Maldivian fiscal position.

The new Standby Credit Agreement would significantly enhance infrastructure and capacities in Maldives.

The Framework Agreement on Cooperation for Development is a blue print for cooperation in areas such as trade and investment, food security, fisheries development, tourism, transportation, information technology, new and renewable energy, communications and enhancing connectivity by air and sea.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-announces-usd-100-mn-credit-facility-to-maldives/articleshow/10704812.cms

Malaysia for close ties with India on tapping infrastructure

India and Malaysia should work closely on utilising the potential of infrastructure opportunities in their respective countries, a Malaysian envoy said.

"Infrastructure is the lifeline in all business activities and it could translate economic cycles into many folds of spiral effect. India and Malaysia must work hand-in-hand through creative financial packages to realise the acutal potential of vast infrastructure opportunity." Malaysia's Special Envoy to India and South Asia on infrastructure, Dato Seri S Samy Vellu said.

Stating that infrastructure was the lifeline of all business activities in developed nations, he said, "in the recent global financial crisis and economic downturn, infrastructure plays an important role to counter balance against slowing economic activity and lower consumption".

Participating in a seminar on South India Infrastructure Investment Summit 2011 organised by CII, he said,"India's infrastructure requirement is real and acts as a double sided sword; as an economic driver and a mechanism to attain supremacy".

He said the time was now right for making Malaysia as a centre for sourcing long-term debts for meeting part of India's infrastructure financing needs. "This will also deepen the Malaysian markets, expand businesses and offer an alternative investment opportunity." ,he said.

He said over the last five years, Malaysia increased its interest in India by signing a

comprehensive economic cooperation agreement for goods and services, making both markets accessible for their businesses.

http://economictimes.indiatimes.com/news/economy/foreign-trade/malaysia-for-close-ties-with-india-on-tapping-infrastructure/articleshow/10691314.cms

India, Korea to begin negotiations to tweak comprehensive economic pact

The Comprehensive Economic Partnership Agreement between India and Korea came into force on January 1, 2010, but now both sides are getting ready for fresh negotiations.

The reason: lot of things have happened on both sides that the tariffs agreed under the pact have lost their relevance.

On a number of items covered by the pact, agreed tariffs are higher than what India has offered on Most Favoured Nation basis to many other countries.

On its part, Korea has since concluded free trade pacts with the US and the European Union at better terms, Korea's Ambassador to India, Mr Kim Joong Keun, told.

Looking at the CEPA afresh is also likely to address the issue of the skew in trade against India.

In 2010, India imported goods worth $11.4 billion and in the first eight months of the calendar 2011, bought $8.5 billion. But India's exports to Korea in 2010 was $5.6 billion, which rose to $5.5 billion in the first eight months of 2011.

A research paper presented at a Indo-Korea dialogue conference organised by the Indian Council for Research on International Economic Relations (ICRIER) notes that a further 10 per cent reduction in tariff on all items except agriculture and fishery products would increase Korea's exports to India by $180 million. But it will also lead to increase in India's exports by $ 600 million.

Korean re-unification

Asked when a reunification of North and South Korea would happen, Ambassador Mr Kim said, “not long from now.”

Asked about the effect of the merger of the two countries on India, he said that a unified Korea would give Indian companies huge opportunities to invest.

Korea was split into two in the 1950s and the North went into the communist fold during the Cold War.

After the Cold War ended in the late 1980s, North Korea ceased to get concessions from the Warsaw Pact countries, such as cheaper crude oil and as a result, the North Korean

economy went into a tailspin.

However, North Korea is a resource-rich country. Ambassador Mr Kim noted that the country had in abundance two of the three factors of production — land and labour. “You (India) can bring in capital,” he said.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2612820.ece

India, Pakistan look to implement trade deal

Top officials from India and Pakistan began talks to flesh out an agreement on opening up trade between the countries, part of a warming of ties between the nuclear-armed neighbours.

Pakistan's Commerce Secretary Zafar Mahmood met his Indian counterpart Rahul Khullar at the start of the two-day talks in New Delhi aimed at implementing a deal to double annual trade in the next three years to $6 billion.

The visit followed Pakistan's decision on November 2 to grant "most favoured nation" (MFN) status to India, reciprocating a move made by India to Pakistan in 1996.

"We have to fully normalise our relationship and you cannot fully normalise the trade relationship without invoking the MFN principle (and) so we will be working on that," Mahmood told reporters after reaching New Delhi.

The status will remove discriminatory higher pricing and duty tariffs that stand as barriers to exports between the South Asian neighbours, analysts say.

The prime ministers of the two countries met last week on the sidelines of a South Asian summit in the Maldives, saying they expected to open a "new chapter" in bilateral talks.

India and Pakistan have fought three wars since independence in 1947, two of them triggered by their territorial dispute over Kashmir, which remains a major hurdle in any future comprehensive peace deal.

A fully-fledged peace dialogue -- suspended by India after the 2008 Mumbai attacks blamed on Pakistan-based militants -- was resumed in February this year.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-pakistan-look-to-implement-trade-deal/articleshow/10725721.cms

Sectoral News

Golden time for India to enter sugar export mkt: Sharad Pawar

With projections of surplus sugar production this marketing year, Agriculture Minister Sharad Pawar said the country should enter the export market in a big way and capitalise on higher global rates.

Sugar production in India, the world's second-largest sugar producer and biggest consumer, is estimated at 25-26 million tonnes in the 2011-12 marketing year (October-September), as against the annual domestic demand of about 22 million tonnes.

The government is yet to announce the export policy for the current marketing year. The country had exported 2.6 million tonnes in the previous marketing year, of which 1.5 million tonnes was through Open General Licences (OGL), in three equal tranches.

"There is surplus sugar. This is a golden time for India to enter the global market in a big way and get a better price, which will ultimately be provided to cane-growers," Pawar told reporters.

Sugar industry body ISMA has been demanding the export of 4 million tonnes of sugar this marketing year to help mills improve their cash flows.

At the current global price of about USD 670-680 per tonne, sugar mills will earn a premium of Rs 3.5 per kg from exports of the sweetener vis-a-vis domestic rates if the government allows overseas shipments.

Food Minister K V Thomas had said that an Empowered Group of Ministers (EGoM) on Food, headed by Finance Minister Pranab Mukherjee, might meet on November 16-17 to decide on allowing sugar exports this marketing year.

"We will work out a scheme for export of a certain quantity of sugar, which will be favourable to both the industry and farmers," Thomas had said.

He had said the issue will be discussed in the meeting of the the EGoM on November 16-17. "We have no problem with exports of a certain quantity. We will work out a scheme for November and December," Thomas had said.

Sugar production in India rose to 24.3 million tonnes in the 2010-11 marketing year from nearly 19 million tonnes in the previous year.

In the current marketing year, the government has pegged output at 25 million tonnes, while the industry has estimated

production at 26 million tonnes.

http://economictimes.indiatimes.com/news/economy/foreign-trade/golden-time-for-india-to-enter-sugar-export-mkt-sharad-pawar/articleshow/10668473.cms

India Inc's share of exports to overall sales is rising, says FICCI

The corporate sector is becoming increasingly export-oriented, with the share of export to overall sales rising for almost all the sectors, says a study by Federation of Indian Chambers of Commerce and Industry (FICCI).

"Among the sectors showing a jump in the share of export to overall sales ratio are non-metallic mineral products (22.6 per cent to 26.1 per cent), metal and metal products (10.8 per cent to 13.4 per cent), automobiles (4.2 per cent to 9.9 per cent) and electronics (4.5 per cent to 9.7 per cent). The overall jump is from 5.9 per cent in 2000-01 to 18.6 per cent in 2010-11," the report says.

The FICCI report, however, cautions that export growth may be tapering. "Export growth in the first half of the current fiscal is 53 per cent, and the monthly export growth has moderated significantly in September 2011 to 36.4 per cent from 82 per cent in July 2011," it says.

While the rising of share of exports is a sign of growing competitiveness of Indian companies, increasing global integration also means being exposed to global downswings.

According to a FICCI research study, the slowdown in advanced economies had minimal impact on India's export growth, owing mostly to the diversification in the developing markets. For example, according to the latest data, exports to OECD countries in 2010-11 accounted for 33.3 per cent of our exports (37.4 per cent in 2008-09). According to the latest International Monetary Fund report on the world economy, real gross domestic product in Asian economies is projected to expand at 6.6 per cent in 2012, up from 6.2 per cent in 2011.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2609972.ece

Govt working to boost exports

The government is aggressively working on boosting trade with China in an effort to tame the ballooning trade deficit, that touched $20 billion in 2010-2011.

The Ministry of Commerce and Industry is working on a China-specific strategy paper to identify the areas in which it can leverage Indian shipments to China.

While imports from China had been rising at a blistering pace since 2005, India has failed to

increase its shipments to China. Exports to China have more than doubled in the last five years, but it failed to keep pace with China in terms of pricing and market access.

“We are working on a strategy paper to increase our trade with China. This will be done by focusing on certain key areas where we can increase our exports. But that does not mean we will have any restrictions on imports. There is no proposal on curbing imports from China or raising tariffs on Chinese goods,” a senior official told.

Total export to China reached $19.61 billion in 2010-2011 from $8.32 billion in 2006-07, while cumulative imports from China topped $43.47 billion last year from $17.47 billion, according to data by the Ministry of Commerce and Industry.

Some areas identified by the strategy papers are information technology, drugs and pharmaceuticals, textiles, chemicals, carpets, woven fabrics and leather products among others. The strategy paper would also deal with measures on how to gain more access to the Chinese market in terms of services trade with a liberal visa regime, officials said.

In a meeting of the Board of Trade last month, Minister of Commerce and Industry Anand Sharma had stressed the need to diversify the range of products beyond what is exported at present. India’s exports to China are largely commodity-based and Iron ore exports dominate export basket.

Sharma had also said that bilateral trade between Ithe two countries would reach $100 billion by 2015. The total trade volume has gone up from $2.3 billion in 2000-01 to $63.09 billion in 2010-11.

Last week, while addressing the meeting of Consultative Committee on the Commerce & Industry, Sharma also stressed on the need to double India’s export in the next three years. One of the main concerns raised by the members there was on balancing trade with China.

http://www.business-standard.com/india/news/govt-working-to-boost-exports-/454830/

Dry ports to boost India's trade

The Union government is considering a pact with neighbouring countries for development of dry ports, to global standards. The United Nations Economic and Social Commission for Asia and the Pacific (Unescap) is trying to help Asian countries reach an agreement.

A dry port is an inland terminal directly connected by rail or road to a sea port, providing services for handling, temporary storage, inspection and customs clearance for international freight. India has 155 places so notified, with 89 in the development stage.

In the north, Tughlakabad (Delhi) and Dadri (Uttar Pradesh), already functioning as inland container depots (ICDs), could be integrated with dry ports in Pakistan. Similar integration could be had for Mulund in Mumbai and another in south Bangalore. "Such ports will be connected through roads and railways, resulting in development of infrastructure in these corridors. This will bring down cost for traders and provide them greater access to international markets, thereby increasing trade," a finance ministry official told.

Dry ports are usually located where networks of different transportation modes converge. This reduces transport costs and transit time, spurring investment in the surrounding areas.

Unescap says for geopolitical and historical reasons, the Asia-Pacific region has been better connected with Europe and North America than with itself. With the deepening of economic integration in the region in recent years, dry ports in the landlocked countries can play an equivalent role as sea ports for intra-regional trade.

Some countries in Asia such as China, India, Malaysia, South Korea, Russia and Thailand have established functioning dry ports. In India, the Container Corporation of India has put in place a network of 59 ICDs, of which 49 are export-import depots. These customs-bonded ICDs are dry ports in the hinterland and provide all port facilities to the customers. The terminals are mostly linked by rail.

Dry ports can also help reduce carbon dioxide emissions. Unescap had calculated that the Birgunj inland depot in Nepal, through dry port operation and rail connection, had resulted in reduction of such emission of almost 58,000 tonnes-equivalent in 2008-2009. The Birgunj depot handles containers transported between the dry port and the Kolkata/Haldia ports in India.

http://business-standard.com/india/news/dry-ports-to-boost-indias-trade/455181/

Gold zooms to all-time high of Rs 29,000+

Gold price crossed the all-time high level of Rs 29,000 while silver coins touched the record Rs 68,000 mark in the bullion market here on strong demand propelled by ongoing marriage season and deepening financial worries.

Gold gained Rs 200 to touch an all-time high of Rs 29,140 per 10 grams as the metal rallied in overseas markets to a seven-week high on concerns that European leaders will be unable to tame the region's sovereign-debt crisis.

Silver coins followed suit and shot up by Rs

2,500 to an all-time high of Rs 68,000 for buying and Rs 69,000 for selling of 100 pieces.

Traders said heavy buying jewellery makers to meet the marriage season demand and shifting of funds by investors to bullion from melting equity boosted the trading sentiment.

Gold of 99.9 and 99.5 per cent purity surged by Rs 200 each to Rs 29,140 and Rs 29,000 per 10 grams.

The metal gained 0.7 per cent to USD 1,802.93 an ounce in Singapore, the highest level since September 21. Silver also climb 0.5 per cent to USD 35.13 an ounce.

Sovereign also rose to record level by adding Rs 150 to Rs 23,150 per piece of eight grams.

Silver ready spurted by Rs 650 to Rs 58,000 per kg and weekly-based delivery by Rs 390 to Rs 57,870 per kg.

http://www.financialexpress.com/news/gold-zooms-to-alltime-high-of-rs-29-000/873342/0

India PC market grew 13% in 3rd quarter

The combined desk-based and mobile PC market in India totalled nearly 2.5 million units in the third quarter of 2011, a 13 per cent increase over the same period in the last calendar year, according to technology research firm Gartner, Inc.

"This growth was primarily driven by the mobile PC market which grew 29 per cent year-on-year in the third quarter of 2011," said Vishal Tripathi, Principal Research Analyst at Gartner.

"A number of festivals helped drive demand in the consumer market in India. The third quarter was the best quarter in the history of the Indian PC industry as overall PC shipments crossed 3 million units for the first time," he said.

The consumer segment accounted for 55 per cent of PC shipments.

"However, we need to be cautious and should not expect the same success to be replicated in the fourth quarter. After the post-festive season there will be sluggishness in the market," Tripathi said.

All the major multinational PC vendors experienced double digit growth in PC shipments in the third quarter of 2011. Multinational brands contributed more than half of the total PC shipments with shipments from Acer, Dell, HP and Lenovo, the top four vendors, representing 51.1 per cent of the market.

http://www.financialexpress.com/news/india-pc-market-grew-13-in-3rd-quarter/873868/0

India's Internet users top 100 m in Sept

A survey on Internet usage has found that India's Internet users crossed 100 million in September 2011, a growth of 13 per cent against last year.

At this rate of growth, the country is poised to touch 121 million users by December 2011.

The survey was conducted by Internet and Mobile Association of India (IAMAI) and IMRB. It looked at users in urban and rural India.

The study has found that among the active Internet users in urban India — active implies users who had used the Internet at least once in the last one month — 89 per cent of the 28 million active users in 30 cities used the Internet primarily for e-mail, followed by 71 per cent for social networking and visiting Web sites.

Music, videos and photos came at the low end, with just 49 per cent usage. But this was the top usage (46 per cent) in rural India.

Urban occurrence

Commenting on this, Dr Subho Ray, President of IAMAI, said Internet usage in urban areas had more to do with business-related communication.

"This is one of the key reasons for high usage for e-mails. Also we need to keep in mind that while on the move people use the Internet to access or respond to emails more than chatting or accessing social networking sites," he told.

The survey also found that the youth was driving the usage of the Internet in the country, with schoolchildren (21 per cent), college students (27 per cent) and young men (27 per cent) in the 21-35 age group accounting for 75 per cent of urban Internet usage.

Among India's cities, Mumbai (6.2 million) had the highest number of active Internet users, followed by Delhi/NCR (5 million), Kolkata (2.4 million) and Chennai (2.2 million). IT city Bangalore with 1.7 million had the same number of users as Ahmedabad, while Hyderabad (1.8 million) had marginally higher users.

http://www.thehindubusinessline.com/todays-paper/tp-info-tech/article2607360.ece

Scope for greater private role in higher education: E&Y

There is scope for greater private sector participation in higher education, says a recent Ernst & Young report.

The report, brought out in collaboration with industry chamber, Federation of Indian

Chambers of Commerce and Industry, presents a case for loosening regulatory framework.

Private educational institutions have been mushrooming in the past few years. The percentage of students enrolled in unaided private institutions has also been growing, according to the report.

Education is a lucrative business currently as India figures at the top of the most-sought after markets in the world with a population of 234 million in the 15 to 24 years age group, says the report.

With the implementation of the Right to Education Act, a surge in enrolment at the primary and middle levels is expected, which would create a huge eligible pool for enrolment in higher education in the long term, it says.

State governments are focussed on capacity creation and a bulk of the expenditure is unplanned, directed toward maintenance and administration of existing institutions, claims the report.

The Gross Enrolment Ratio (GER) of India is rising but is not as yet on par with international GERs. The Government has set a target of achieving 30 per cent GER by 2020, which means about 40 million students enrolments. At present, there are 14.6 million students in higher education sector. The private sector wants to target this additional capacity of 25 million seats over the next decade.

E&Y estimates an investment of Rs 1 million crore, an average of Rs 0.4 million per seat. Of this, the private sector would be required to contribute Rs 50,000 crore (assuming that private sector accounts for 52 per cent of total enrolment).

The report lists the corporate and academic collaborations private players must make and the marketing and brand building initiatives required to keep the business of education going good.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2612821.ece

Rubber production increases 8.4% in Oct

Rubber production in the country rose 8.4 per cent to 89,300 tonnes during October. The spurt in production was across all geographies of the rubber-growing belt in the country, sources in the Rubber Board said. Clear skies in October after bounteous rains during September were the principal reason behind the sharp rise in production.

Going by the early indications, production during the current month is also expected to

look up as weather has remained favourable so far. Given the remunerative prices prevailing in the market, farmers are also putting in extra effort to boost production. The tapping intensity has increased along with growing area coming under rain guarding.

With the onset of the North-East monsoon, rain guarding is also expected to enable greater tapping operations, which is likely to boost production during the current month.

Consumption of rubber dipped 6.3 per cent to 76,000 tonnes. However, there has been an improvement of 2,000 tonnes over the consumption last month. Rubber Board sources attributed the fall in consumption to reduced off-take by automobile companies in the Indian market and global uncertainties. The problem has been compounded by a major slack in consumption by one specific Indian company, sources said.

However, the overall consumption for the first seven months of the current fiscal still remains positive. The reduced off-take by automobile companies is just beginning to bite and things will turn positive if the automobile market rebounds in the coming months, the sources pointed out. Rubber production increased by five per cent to 4,80,700 tonnes during April-October 2011.

Rubber imports remained lower during April-October as against the corresponding period of last year. This was in contrast to the export sector which witnessed a strident growth. Rubber stocks at the end of October was 2,47,000 tonnes as against 2,53,877 tonnes last year.

http://www.thehindubusinessline.com/todays-paper/tp-agri-biz-and-commodity/article2619482.ece

News Round-Up

India a top priority market: McCormick

"We have identified a few product platforms such as cooking ingredients (sauces and pastes) and convenience foods (ready-to-cook and ready-to-eat," said Mr Satish Rao, Managing Director, Kohinoor Speciality Food Pvt Ltd., McCormick's India joint venture.

This is part of a strategy of the global food giant to grow and expand the Kohinoor basmati brand.

The global food and flavour giant is eyeing

revenues of $85 million from India in its first year operations this fiscal.

"India is a top priority market and is in line with our emerging market growth strategy. We foresee India to be a significant business in 10 years and are committed to invest in this fast growing market," said Mr Alan Wilson, McCormick's Chairman, President and CEO, addressing a press conference.

As part of its emerging market growth strategy, McCormick recently formed a 85:15 joint venture with Kohinoor Foods Ltd, a manufacturer and marketer of basmati rice.

McCormick has invested Rs 520 crore in the joint venture that will market the Kohinoor basmati brand in India.

McCormick also plans to grow its packaged food business in India acquired from Kohinoor Foods.

"The Indian packaged food industry is estimated to be $10 billion and is growing along with families' disposable income, making an attractive proposition," Mr Wilson said.

Investment

The company has so far invested about $150 million in India, from where it also sources various spices such as pepper, turmeric and ginger among others for its global operations. McCormick has a 26 per cent stake in Kerala-based Eastern Condiments Pvt Ltd.

http://www.thehindubusinessline.com/todays-paper/tp-marketing/article2612855.ece

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