

Weekly Economic Bulletin

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News Feature

PM says economy growing at near 8% in 2011/12

The Indian economy will achieve near 8 percent growth in the current financial year despite the global slowdown, while lowering inflation remains a challenge in the short term, Prime Minister Manmohan Singh said.

"Despite the global slowdown, we will still achieve a growth rate of close to 8 percent this year," the statement said.

India's headline inflation accelerated in August to 9.78 percent, its highest in over a year, and is a major concern for the federal government and the central bank.

Economists expect the Reserve Bank of India, which has raised rates 12 times since March 2010, to increase interest rates one more time in 2011 to fight persistently high inflation.

That move could come as early as Oct. 25, when the Reserve Bank of India meets to review its monetary policy.

<http://economictimes.indiatimes.com/news/economy/indicators/pm-says-economy-growing-at-near-8-in-2011/12/articleshow/10314977.cms>

IIP at 4.1 pc in September; RBI may not pause rate hike

Industrial output remained subdued for the second consecutive month in August, registering growth of just 4.1 per cent, but the Reserve Bank may not pause with its interest rate hike strategy, with inflation ruling much above comfort levels.

The August figure is a tad better than the 3.8 per cent growth recorded in July (revised upward from 3.3 per cent) and 4.5 per cent in the corresponding period last year.

Factory output, as measured by the Index of Industrial Production (IIP), however, stood at 5.6 per cent in the April- August period, as against 8.7 per cent in the same period last year, according to official data.

In August, the manufacturing sector -- which constitutes over 75 per cent of the index -- grew by 4.5 per cent, as against 4.7 per cent in the same month last year.

However, it is unlikely that the RBI will pause with its rate hike strategy on account of the slowdown in industrial output growth. The RBI has already hiked rates 12 times since March, 2010, to control inflation, which stood at 9.8 per cent in August.

Even RBI Deputy Governor Subir Gokarn said the central bank's decision to further hike



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rates will depend on the inflationary situation.

The economic slowdown has impacted countries globally, especially Western nations. But India is still somewhat better off, with the country growing by 7.7 per cent in the April-June period. The government expects economic growth to be around 8.5 per cent in the current fiscal.

Even though there has been a demand slowdown in the US and Europe, India's exports maintained their growth momentum during April-September, increasing by 52.1 per cent to USD 160 billion.

<http://economictimes.indiatimes.com/news/economy/indicators/iip-at-4-1-pc-in-september-rbi-may-not-pause-rate-hike/articleshow/10326461.cms>

Services exports up 14.3 pc in August; imports grow 16.3 pc

India's services exports rose 14.3 per cent to \$ 11.89 billion in August from the previous month, according to Reserve Bank of India.

The country's total receipts from services exported were \$ 10.40 billion in July, showed the RBI data released.

Imports of services also grew 16.3 per cent in August to \$ 6.86 billion, compared to \$ 5.89 billion in July.

Overall, the services sector contributes over 50 per cent to India's GDP.

During the April-August period this fiscal, the country's cumulative exports of services amounted to \$ 56.64 billion. Imports, meanwhile, stood at \$ 33.93 billion during the first five months of 2011-12.

RBI has recently started releasing provisional aggregate monthly data on India's international trade in services, with a lag of 45 days.

<http://economictimes.indiatimes.com/news/economy/indicators/services-exports-up-14-3-pc-in-august-imports-grow-16-3-pc/articleshow/10352960.cms>

Overseas Investment

Forex reserves rise \$749 m

The country's foreign exchange reserves rose by \$749 million to \$312.231 billion in the week ended October 7, according to Reserve Bank of India's Weekly Statistical Supplement.

In the previous week ended September 30, foreign exchange reserves had declined by \$1.225 billion to \$311.482 billion.

The reserves rose due to an increase of \$763 million in the foreign currency assets to \$276.462 billion.



Foreign currency assets expressed in US dollar terms include the effect of appreciation or depreciation of non-US currencies such as the euro, sterling and yen held in reserves.

<http://www.thehindubusinessline.com/todays-paper/tp-money-banking/article2538464.ece>

100% foreign direct investment regime in pharmaceutical sector

A high-level inter-ministerial group chaired by the prime minister has decided to continue with the 100% foreign direct investment regime in the pharmaceuticals sector, overruling concerns raised by the health and industry ministries about rising medicine costs due to acquisitions of Indian drug companies by multinationals.

But the takeover of Indian drug companies by foreign companies, or brownfield investment, will face stringent scrutiny by the country's competition authority to ensure they do not facilitate collusion and predatory pricing.

There will be no scrutiny of greenfield investment by foreign drug companies in the pharma sector. "There is going to be no cap. 100 % FDI would be allowed but acquisition proposals will be looked at very carefully," Planning Commission member Arun Maira said after a meeting with the prime minister.

The meeting was attended by finance minister Pranab Mukherjee, health minister Ghulam

Nabi Azad, commerce & industry minister Anand Sharma, pharmaceutical and chemical Minister MK Alagiri, and deputy chairman Planning Commission Montek Singh Ahluwalia.

"In case of brownfield investments in the pharma sector, FDI will be allowed through the FIPB approval route for a period of upto six months," an industry ministry release said. In this period the government will put in place the necessary enabling mechanism for oversight by the competition commission of India.

After six months the 'oversight will be done by the CCI entirely in accordance with the competition laws of the country' the industry ministry said. "The committee has recommended some changes (rules) in CCI to strengthen it. We have decided on a six-month timeline to implement these changes," Maira said.

The government had set up a committee under Maira to reconsider the liberal foreign direct investment policy that allows 100% foreign investment though automatic route following concerns that unfettered acquisition of Indian drug companies would eventually deny cheap drugs to Indians.

http://articles.economictimes.indiatimes.com/2011-10-11/news/30266948_1_drug-companies-fdi-limit-indian-drug



Global luxury cos keen on hike in single brand retail FDI cap

The government's announcement today that it is "seriously considering" relaxation of the cap on FDI in single brand retail met with an encouraging response from global luxury brands, including Salvatore Ferragamo and Jimmy Choo, which hope to increase their India investments.

"If we have the possibility to control 100 per cent of the company, of course, the return on investment is more favourable. So we could be more keen to invest more in India,"

Salvatore Ferragamo CEO Michele Norsa said.

He was reacting to Commerce and Industry Minister Anand Sharma's statement that the government is "seriously considering" an increase in the FDI limit in single brand retail, although the quantum was not specified.

Expressing similar views, UK luxury brand Jimmy Choo's CEO, Joshua Schulman, said: "We are very enthusiastic about India and will increase our investments here as soon as the environment is right to do so."

He, however, said that even if India were to allow 100 per cent FDI, the brand will not operate on its own here.

"... It is not the right time considering our brand cycle here. We are happy with our partnership with Genesis and will shortly open our fifth store in India," Schulman said.

At present, India allows only 51 per cent FDI in single brand retail, none in multi-brand and 100 per cent in the cash-and-carry trade.

Fondazione Altagamma, a body of luxury brands of Italy, however, said increasing the FDI limit is not enough to attract overseas investors in India retail sector.

"Right now, the environment is not conducive. The government should not only relax FDI limits, but also bring down customs duty and countervailing duty on luxury goods.

Only then a lot of European and Italian brands will enter India in a big way," Fondazione Altagamma Executive Director Armando Branchini said.

He said India is lagging behind China in a big way when it comes to the presence of Italian brands. "Around 40 Italian brands have 430 stores in China, but in India, only 15 brands are present with just 30 stores," Branchini said.

<http://www.financialexpress.com/news/global-luxury-cos-keen-on-hike-in-single-brand-retail-fdi-cap/858518/0>



Trade News

India extends new \$ 500-m line of credit to Myanmar

India will extend a new concessional line of credit facility of \$500 million to Myanmar for specific projects including irrigation.

This is stated in a joint statement issued after official level talks between the Prime Minister, Dr Manmohan Singh, and the Myanmar President, Mr U. Thein Sein. The statement adds that each project will be duly processed in accordance with the modalities applicable for Least Developed Countries for such lines of credit.

The Prime Minister announced that India would extend technical and financial support for setting up an advanced centre for agriculture research and education in Yezin and for setting up a rice bio park demonstrating the various rice biomass utilisation in the integrated demonstration farm at Nay Pyi Taw.

The two sides agreed to promote trade, investment and economic cooperation in a sustainable manner. In this context, the two leaders endorsed the understandings arrived at the fourth meeting of the bilateral Joint Trade Committee held recently, and called for the expeditious implementation of the decisions taken.

It was agreed to consider opening up new

border trading points for the economic upliftment of the people of the border areas.

Myanmar agreed to encourage further investments by Indian companies, both in the public and private sector, in the oil and natural gas sectors.

Both sides agreed to examine the feasibility of establishing railway links, ferry and bus services between the two countries. In this context, both sides agreed to examine commencement of ferry services on the Kolkata-Yangon and Chennai-Yangon routes.

<http://www.thehindubusinessline.com/today-s-paper/tp-economy/article2538379.ece>

India, US to enhance collaboration in research, skill development

In a bid to strengthen and deepen its strategic partnership with the United States, India will set up a "higher education platform" to enhance collaboration in research, skill development and student and faculty exchange. The announcement came as the first ever India-US education summit wrapped up in Washington. Both countries stressed on the need to enhance the scope of collaboration and identify new ways to encourage linkages and exchange programmes.

In a joint statement on higher education



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cooperation US Secretary of State Hillary Clinton and human resources development minister Kapil Sibal agreed to make the higher education dialogue an annual bilateral event to "map out strategies for partnership in the field of education" between the two countries.

The dialogue, which would be held alternately in the US and India, should "identify areas for mutually beneficial exchanges and provide a platform for intense and meaningful collaboration among academia, private sector and government on both sides," the joint statement said. India announced its intention to set up an "India-US higher education platform as a means to pursue these goals," with Sibal pointing out that the dialogue process has to be managed "effectively".

Both Sibal and Clinton were satisfied with the progress achieved under the Obama-Singh 21st Century Knowledge Initiative, launched in 2009. Proposals under the initiative will be reviewed by a joint working group for academic awards in support of university partnerships. As part of the partnership, they reiterated their commitment to the Fulbright-Nehru Program and its contribution to leadership development and scholarly achievement and to encouraging an array of collaborations between higher education communities, such as the Yale-India program, for academic leadership and faculty development.

The two sides agreed to work together to ensure a continued expanded US-India higher

education dialogue with representatives from government, academia and business that would interact on a regular basis. "Sibal and Clinton reaffirmed the strategic partnership between India and the United States for meaningful dialogue, cooperation, and engagement in the field of higher education," the statement added.

The countries will also join forces to promote strategic institutional partnerships for strengthening and expansion of collaboration in priority areas of higher education, including science and engineering, social sciences, humanities, as well as address societal challenges in areas such as cyber security, energy, environment, health and agriculture, the joint statement said.

Enhanced cooperation in the field of education between the two would also include expansion in research and development, fostering partnerships in vocational education and skills enhancement, exploration of models for 'educational institutions for the 21st Century' and strengthening programmes for student and faculty exchange.

http://articles.economictimes.indiatimes.com/2011-10-15/news/30283526_1_higher-education-education-and-skills-enhancement-skill-development

India signs tax information pact with Liberia

India has signed a tax information exchange agreement (TIEA) with Liberia. This is the sixth



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TIEA signed by India over the last 12 months. Four have come into force so far.

The objective is to promote international cooperation in tax matters through exchange of information. The nature of tax-related information that could be shared under a TIEA varies from agreement to agreement.

Other agreements signed are with the Bahamas, Bermuda, British Virgin Islands, Isle of Man and Cayman Islands. Of the six pacts signed by India, the TIEAs with Bahamas, Bermuda, Isle of Man and British Virgin Islands have entered into force, Mr M.C. Joshi, the Central Board of Direct Taxes (CBDT) Chairman said at an international tax conference, organised by Assocham.

Mr Joshi highlighted that India has already completed negotiations for 16 new TIEAs with Bahamas, Bermuda, British Virgin Islands, Isle of Man, Cayman Islands, Jersey, Monaco, St Kitts & Nevis, Argentina, Costa Rica, Guernsey, Macau, Liberia, Marshall Islands, Congo and Gibraltar.

<http://www.thehindubusinessline.com/today-paper/tp-economy/article2538385.ece>

India, Vietnam target \$7-b trade by 2015

India and Vietnam have set a target of achieving bilateral trade of \$7 billion by 2015 from the current level of \$2.7 billion, the Prime Minister, Dr Manmohan Singh, said.

“We have agreed to work towards early finalisation of the India-Asean Free Trade Agreement in Services and Investment,” he said in a statement to the media after official-level talks with the Vietnam President, Mr Truong Tan Sang.

Addressing captains of industry, Vietnam's President invited Indian businessmen to invest in sectors such as healthcare, oil & gas, manufacturing and agro-industry. Vietnam has devised a 10-year strategy for the development of infrastructure, including electrical power, roads and sea-ports, which offer big opportunities to Indian companies, he said. The \$5-billion Tata Steel project in Vietnam would be implemented shortly, the visiting dignitary announced. The project had been running into difficulties since the firm signed a memorandum of understanding with Vietnam Steel Corporation in 2007.

Mr Nguyen Xuan Phuc, Deputy Prime Minister of Vietnam, said Indian investment in Vietnam at present stood at \$250 million, far below expectations. He called upon Indian companies to avail themselves of the preferential policies of his Government to promote investment in Vietnam.

<http://www.thehindubusinessline.com/today-paper/tp-economy/article2532390.ece>

Amendments to Indo-Swiss double taxation pact comes into force

The recent amendments to the double taxation avoidance agreement (DTAA)



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between India and Switzerland entered into force on October 10.

India can now seek banking related information from Switzerland for tax administration purposes. However, the provision on information exchange will apply only for information relating to tax years that start on or after January 1, 2011.

In August last year, India and Switzerland had inked an agreement to amend the existing DTAA. The revised treaty was approved by Swiss Parliament on June 17. As per the Swiss rules, all bilateral tax treaties are subject to public scrutiny for 100 days. In the case of the revised DTAA with India, the public scrutiny period ended on October 6.

The revised DTAA with India in the area of taxes on income and capital entered into force today (October 10), the Swiss Federal Department of Finance said.

The provisions of the revised DTAA will apply in India to income originating in tax years which start on or after April 1, 2012. In Switzerland, they will apply to income originating in tax years which begin on or after January 1, 2012.

The DTAA will contribute to the further development of bilateral economic relations, the statement added.

The total deposits of Indian individuals and companies in Swiss banks stood at about \$2.5 billion at the end of 2010, according to the

latest data from the Swiss National Bank.

<http://www.thehindubusinessline.com/todays-paper/tp-economy/article2529360.ece>

India-Africa bilateral trade likely to double by 2015: Ficci

Bilateral trade between India and Africa was likely to double from the current USD 53 billion in the next five years, the Federation of Indian Chambers of Commerce and Industry (Ficci) said.

"Bilateral trade has more than doubled from USD 25 billion in 2006-07 to USD 53.3 billion in 2010-11. We expect faster growth and double the current figure in the next five years," Ficci secretary-general Rajiv Kumar said at the two-day 'India-Africa Business Partnership Summit'.

Kumar said growth would be primarily from the transport, equipment, services, healthcare and agriculture sectors.

Over 120 African and 250 Indian delegates, comprising heads of public-sector undertakings, corporate houses, government representatives and consultants are expected to participate in the summit.

Meanwhile, Tanzania Minister for Information, Communication and Technology Makame Mnyaa Mbarawa said his country had the most politically stable government in the sub-Saharan region, making itself the most important target destination for



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investments.

He said that India, with its investment of USD 1.27 billion between 1991 and 2008, is the largest global investor in his country.

Reliance Industries, Bank of Baroda, Tata Africa Holding, Bharti Airtel, and many other companies are already engaged in business activity in Tanzania, he disclosed.

TCA Ranganathan, chairman and managing director of Exim Bank, said the bank was helping in setting up food processing, textiles, diamond and IT clusters in African countries.

According to Ranganathan, IT and diamond clusters would be coming up at Botswana and

Ghana respectively.

Andhra Pradesh Chief Minister N Kiran Kumar Reddy, who inaugurated the conference, said the industry should view Africa as an alternative trade destination to Europe and United States.

He said the State Government has been offering several incentives to the industry and special incentives to those with investment of about Rs 250 crore, besides offering power at cheaper rates as part of the industrial policy.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-africa-bilateral-trade-likely-to-double-by-2015-ficci/articleshow/10329589.cms>

Sectoral News

Industrial output growth seen improving in H2 of FY12: R. Gopalan, Economic Affairs Secretary

India's industrial output growth is expected to improve in the second-half of the current financial year which ends in March, Economic Affairs Secretary R. Gopalan said.

India's industrial production expanded less than expected in August in further evidence of a slowdown in Asia's third-largest economy as soaring interest rates and persistently high inflation weigh on demand.

The 4.1 per cent growth in August industrial output over the previous year lagged a Reuters poll forecast for 5 per cent growth and was only a slight improvement on the revised 3.84 per cent growth clocked in July.

<http://economictimes.indiatimes.com/news/economy/indicators/industrial-output-growth-seen-improving-in-h2-of-fy12-r-gopalan-economic-affairs-secretary/articleshow/10326382.cms>



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Government gives Rs 1,700-crore incentive package to ensure continuation of export growth

Exporters have more than one reason to celebrate this festive season with the government unveiling a Rs 1,700-crore incentive package to ensure continuation of export growth in the unpredictable global scenario.

This includes incentives worth Rs 900 crore for exporting specific products like textiles, engineering goods, chemicals and electronics to both new and traditional markets that was announced by commerce and industry minister Anand Sharma.

Another Rs 800 crore-Rs 1,000 crore will be provided to exporters from labour-intensive sectors in the form of interest subvention as notified by the RBI earlier this week.

The measures announced will help us offer competitive prices which have assumed greater significance in view of compressed demand due to slowdown particularly in advance economies," said Ramu Deora, president, Fieo.

In continuation of its market diversification drive to reduce dependence on traditional markets such as the EU and the US that are facing brunt of the global slowdown, the government has increased incentives given to exporters selling goods to Latin America, Africa and CIS countries.

Exporters to 41 countries in these regions will get duty credit of 4% of export value instead of existing 3%. Cuba and Mexico, too, have been added to the list. Duty credits can be used to import products duty free or can be sold in the market.

"We have been consciously trying to diversify our markets and getting results. Focussing on markets in Asia, Latin America and Africa is a key pillar in our export strategy," Sharma said.

http://articles.economictimes.indiatimes.com/2011-10-14/news/30279122_1_apparel-exports-export-strategy-export-growth

Analysts see 3.5-6% growth in IT majors' Q2 earnings

The second quarter result season, which kicks off on October 12 with Infosys announcing its earnings, may see top IT companies benefit from a depreciating rupee with topline sequential growth expected to increase between 3.5 per cent and 6 per cent.

Speaking to Business Line, Mr Dipen Shah, Senior Vice-President (Private Client Group Research), Kotak Securities, said: "We are expecting 5.7 per cent growth from HCL. Infosys and TCS are both expected to grow at 4 per cent and Wipro at 3 per cent."

Optimistic

Commenting on this growth, he said, "This should be decent enough. There will be no issues if they achieve this growth."



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Ms Srishti Anand, IT Analyst, Angel Broking, was more optimistic about Infosys than about Wipro. "We expect Infosys to grow by 4.9 per cent and Wipro by only two per cent because Wipro has already guided for a poor performance, including its SAIC acquisition," she said."

She said that HCL would offer the best performance of 6.1 per cent growth, followed by TCS with 5 per cent.

Mr Karthik Ananth, Director, Zinnov Management Consulting, said because of the depreciating rupee, many companies will report very good rupee revenues.

"Europe and Middle East are also areas to watch. Companies that have traction with manufacturing and BFSI should report good Europe revenues," he pointed out.

As a caution, he said that topline and bottomline alone were not areas of concern. "There has been high attrition, which has only now started to come down. I would like to see the attrition numbers for this quarter."

But Ms Anand pointed out that the depreciating rupee would have impacted companies for only around 20 days in the July - September quarter.

<http://www.thehindubusinessline.com/today-paper/tp-info-tech/article2526625.ece>

'India's biotech sector to grow 20%'

India's biotech sector is expected to grow at a robust 20 per cent per annum in the near future, given the growing demand for biopharmaceuticals, biosimilars and vaccines, says a veteran in the field.

Biofuels would also offer a huge growth opportunity in biotech, the Chairman and Managing Director of Biocon, the country's largest biotech company by revenue, Kiran Mazumdar-Shaw said.

"We are entering the era of bioeconomy, where biotechnology can provide powerful solutions to some of the grave challenges that we face today: food scarcity, energy deficit, environmental damage, unmet medical needs and industrial pollution," she said.

Mazumdar-Shaw said the size of the country's biotech sector had reached USD 3.5 billion in 2010 and is poised for robust growth in all segments of biotechnology.

"India is already a world leader in vaccine production, Bt Cotton and biopharmaceuticals, especially bio-similars," she said. "India is also a large producer of industrial enzymes for green technologies & bioremediation. We also have critical mass in tissue culture-based cultivation."

However, Mazumdar-Shaw also referred to regulatory delays, import-export delays and restrictions, lack of venture funding and the



listing norms that are unfavourable to innovation-led biotech companies.

"The inherent risk associated with gestational time lines involved in developing biotech products is a huge deterrent for investors. Example, Bt Brinjal", she pointed out.

Asked about her vision for Bangalore-headquartered Biocon, Mazumdar-Shaw, who has been named among TIME magazine's 100 most influential people in the world, said: "I am committed to pursuing our strategy of delivering affordable drugs for global markets that make a difference to healthcare."

<http://www.financialexpress.com/news/india-as-biotech-sector-to-grow-20/861036/0>

Cotton exports to rebound on bumper harvest, weak rupee

Cotton exports by India, the world's second-largest supplier, will rebound in the year through September 2012 on bumper production and a weak rupee, but bigger harvests in top buyers—China and Pakistan—may limit sales realisation, government and industry officials said.

Cotton exports may climb to anywhere between 8 million and 9 million bales in 2011-12, compared with 7 million bales last year, aided by the absence of government restrictions on the fibre's trade, the officials said. The shipments fell by more than 18% last year, as the government maintained a quantitative ceiling until late July. Last month,

the government announced the continuation of unrestricted cotton exports in 2011-12 until further notice. "Cotton exports will be more than last year as production will be higher. Our estimate is cotton output is likely to be 36.1 million bales, which is more than the Cotton Advisory Board's estimate," said agriculture secretary PK. Basu. India will likely harvest a record crop of 35.5 million bales in the marketing year starting October 1 on higher planting and plentiful rains, the government-backed Cotton Advisory Board had forecast last month.

Cotton planting rose 9% to around 12 million hectares from a year earlier on wide-spread monsoon showers. The country produced 32.5 million bales of cotton in 2010-11. "Shipments will definitely rise this year, if the government doesn't restrict exports. We expect exports to continue without curbs in 2011-12 as the crop looks excellent and domestic supply will be adequate," said a senior executive with a major trading house in Mumbai.

However, despite robust demand for the Indian cotton, export realisation is unlikely to touch record levels in the last year when flood-hit China and Pakistan ramped up purchases of the Indian cotton like never before to keep their textile mills running, as global stockpiles had tumbled to a multi-year low. "Such moments (of acute global shortage) come rarely and one shouldn't expect that level of returns this year. But overall, it would still be a good year due to a depreciation of the rupee against the dollar,"



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said a senior government official.

<http://www.financialexpress.com/news/cott-on-exports-to-rebound-on-bumper-harvest-weak-rupee/858185/0>

Telecom stocks get policy boost, rise 5%

Extending the previous session's rally, telecom stocks led by Bharti Airtel surged by up to 5 per cent on the BSE today after the government unveiled a new policy that will help users avail free roaming services across the country and inter-circle mobile number portability.

Shares of the country's largest private telecom company Bharti Airtel surged by 4.66 per cent to a high of Rs 380.20 on the BSE.

Similarly, stocks like Idea Cellular, which rose by 4.32 per cent, and Reliance Communications, which jumped by 3.44 per cent, attracted buyers' interest.

MTNL, too, surged by 3.53 per cent and Tata

Communications' stock went up by 1.87 per cent.

Commenting on the policy, Emkay Global Research said in a note, "The policy indicates a long-term vision and objectives, but the ongoing spectrum-related issues remain unresolved. We maintain our positive view on the sector. Draft NTP-2011 does not indicate any kind of significant negative for incumbents."

"However, the key issues related to the spectrum re-farming and a one-time fee for excess spectrum remained unanswered," it said.

The government unveiled a new policy that will help users avail free roaming services across the country and inter-circle mobile number portability.

Another boost for the industry are provisions in the draft bill for recognition of telecom as an infrastructure sector, analysts said.

<http://www.financialexpress.com/news/telecom-stocks-get-policy-boost-rise-5/858490/0>

News Round-Up

India has the 12th largest high net worth individuals (HNI) club; HNI population grew 22% in 2009-10 with assets worth \$582 bn

India's high net worth individuals' wealth grew by 22% in 2009-10 to \$582 billion compared to \$477 billion in 2008-09, a 2011 Asia-Pacific Wealth report by Merrill Lynch Global Wealth Management and Capgemini said.



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According to the report, India's population of high net worth individuals increased their exposure to equities, real estate, gems and jewellery in 2010, reflecting regained confidence even as the financial crisis subsided. Indian HNIs' investment in equities went up to 36% in 2010 from 32% in 2009, while real estate moved up marginally to 23% in 2010 compared to 22% in 2009. India's HNIs at 36% of their holdings in equities is far higher than the global average at 33%.

Their exposure to fixed income, alternative investments and cash and deposits, however, is more or less at the same level. India's HNI population growth gained for the second straight year, fueled by strong macroeconomic growth and by market performance. India became the world's twelfth largest market for HNI population in 2010, entering the top 12 for the first time.

"India, along with China, has been the most consistent driver of Asia-Pacific wealth over the past couple of years," Atul Singh, Head, Merrill Lynch Wealth Management, India said. "Despite inflation being a concern, a real GDP of 9.1% and a 24.9% increase in market capitalisation, is an indicator of the long-term fundamentals of India's economy remaining solid."

According to the findings of the report, in 2010, India's HNI population grew at 20.8%, to 1,53,000 compared with 1,26,700 in 2009. India was among the eight of the 20 fastest-growing Asia-Pacific markets in HNI population, including Hong Kong, Vietnam,

Indonesia and Sri Lanka.

http://articles.economictimes.indiatimes.com/2011-10-14/news/30279402_1_hni-population-india-s-hni-asia-pacific-wealth

India sees 8.5-9 per cent growth in medium-to-long term, says Pranab Mukherjee

Amid sluggishness in the economy, finance minister Pranab Mukherjee exuded confidence that the country will maintain a high economic growth trajectory of 8.5 to 9 per cent in the medium to long-term.

"In the medium to long-term, India remains firmly on a high GDP growth path of 8.5 to 9 per cent. We, however, need to be alert and respond to emerging challenges and concern, in a timely manner as we make efforts to achieve our potential as a young and fast-growing nation," Mukherjee said while addressing the ADB-India partnership silver jubilee celebrations.

Like many other countries, food security and volatility in prices has been a matter of concern for India, he said.

We recognise that the increase in agriculture production on a sustainable basis is a long-term solution to the problems of availability as well as high and fluctuating food and commodity prices, he said.

On infrastructure development, Mukherjee

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said the sector is critical for enhancing productivity and sustaining the growth momentum.

"The 12th Five-Year Plan (2012-2017) has an ambitious target of infrastructure investment estimated at USD 1 trillion," he said.

Highlighting the role of ADB in the country's infrastructure development, he said it has provided valuable and technical assistance in the public-private partnership for development of the sector.

"We need to further step-up the momentum of our collaboration in this important area, considering the huge investment need of the sector," Mukherjee said.

Achievement of an inclusive and environmentally sustainable growth also calls for support of alternate and renewable energy sources.

"We hope ADB's assistance in developing clean and alternative sources of energy and technology to expand energy efficiency measures on all front would be scaled up," Mukherjee added.

<http://economictimes.indiatimes.com/news/economy/indicators/india-sees-8-5-9-percent-growth-in-medium-to-long-term-says-pranab-mukherjee/articleshow/10385783.cms>

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