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CONTENTS

News Feature

India, an attractive global economic destination: President Pratibha Patil

Emphasising that the global economic downturn had a "limited impact" on India, President Pratibha Patil said the Indian economy has consistently recorded high rates of growth and has become an attractive destination for investments.

"India's growth offers many opportunities for mutually beneficial cooperation. The Indian economy recorded consistently high rates of growth since 2003 and even the global economic downturn had a limited impact," she said.

Addressing a reception here hosted by Indian Ambassador to Switzerland Chitra Narayana, daughter of former President K R Narayanan, Patil said India has become an attractive destination globally for investments, FDI and business.

"Today India is among the most attractive destinations globally, for investments and business and Foreign Direct Investment had increased over the last few years," she said.

"Since the Indian economy opened up in 1991, Indian companies faced international competition rather well, and have expanded their global footprint," said Patil, who is on a state visit to Switzerland.

http://economictimes.indiatimes.com/news/economy/indicators/india-an-attractive-global-economic-destination-president-pratibha-patil/articleshow/10213681.cms

Eight core sector industries grow by 3.5% in August

Eight infrastructure industries grew by 3.5 per cent in August this year, down from 4.4 per cent expansion witnessed in the same month last year.

The eight industries -- crude oil, petroleum refinery products, natural gas, fertilisers, coal, electricity, cement and finished steel-- have a weight of 37.90 per cent in the overall Index of Industrial Production (IIP).

Electricity, steel and cement output grew by 8.9 per cent, 7.7 per cent and 7.2 per cent in August, respectively, according to the provisional data.

In the same month last year, electricity production had grown by 1.6 per cent, while steel and cement sectors had posted 10.8 per cent and 1.6 per cent expansion, respectively.

Crude oil production grew by 1.6 per cent in the month under the review against 15.2 per cent in the comparable period last year.

Petroleum refinery products output grew by 3.9 per cent in August.

In the same month last year, the sector had witnessed a contraction of 2.3 per cent.

Fertiliser output increased by 4.3 per cent in August. It was -5.7 per cent in the same period last year.

Natural gas and coal output contracted by 5.3 per cent and 15.3 per cent in August, respectively.

During April-August 2011-12, the growth of core industries slowed down to 5.3 per cent from 6.1 per cent in the same quarter last year.

http://economictimes.indiatimes.com/news/economy/indicators/eight-core-sector-industries-grow-by-3-5-in-august/articleshow/10141325.cms

India's August infrastructure output up 3.5 pc y/y: Govt

India's infrastructure sector output grew 3.5 percent in August from a year earlier, sharply slower than a revised annual growth of 7.5 percent in July, government data.

During April-August, the output rose 5.3 percent compared with an annual rise of 6.1 percent a year ago.

The infrastructure sector accounts for 37.9 percent of India's industrial output.

http://economictimes.indiatimes.com/news/economy/indicators/indias-august-infrastructure-output-up-3-5-pc-y/y-govt/articleshow/10140003.cms

NRI deposits in Indian banks grow by $1.2 billion in Q1

Deposits placed by non-resident Indians with banks in India grew at a steady clip in the April-June 2011 period, growing by $1.2 billion, against $1.1 billion in the corresponding period last year.

Attractive interest rates on NRI deposits as compared to the deposit rates prevailing in the US, Euro zone and other advanced economies are the prime reason for the build-up in these deposits, according to bankers.

Moreover, workers' remittances were steady at $6.784 billion in the reporting period, against $6.414 billion in the corresponding quarter last year. A portion of this money could have been invested in NRI deposits, said a public sector bank official.

As on June-end 2011, NRI deposits stood at

$52.898 billion, accounting for 16.7 per cent of India's total external debt of $317 billion, according to the Reserve Bank of India's statement on India's External Debt.

Short-term NRI deposits (up to one year maturity) accounted for 82 per cent of the total NRI deposits.

External Debt

India's total external debt increased by $10.5 billion or 3.4 per cent to $317 billion as at June-end 2011 over the March-end 2011 level primarily on account of considerable increase in external commercial borrowings (ECBs), short-term trade credits and NRI deposits.

Excluding the valuation effects due to the depreciation of the US dollar against other major international currencies and the Indian rupee, the increase in external debt as at June-end worked out to $9.1 billion over end-March 2011.

In the April-June 2011 period, inflows on account of ECBs and short-term trade credit increased by $4.302 billion and $3.070 billion respectively.

Long-term debt at $248.5 billion and short-term debt at $68.5 billion accounted for 78.4 per cent and 21.6 per cent, respectively of the total external debt as at June-end 2011.

The share of government and non-government in the total external debt was 24.8 per cent and 75.2 per cent, respectively.

http://www.thehindubusinessline.com/todays-paper/tp-money-banking/article2501564.ece

Overseas Investment

Overseas investment hits all-time high of $103.9 bn

India's overseas investment has hit an all time high of USD 103.9 billion at the end of June 2011.

"Direct Investment abroad moved up by USD 5.7 billion during the quarter to USD 103.9 billion as on end-June 2011," RBI said in a statement.

At the same time, international financial assets of the country stood at USD 435.6 billion following an increase of USD 11.1 billion over the previous quarter, it said.

International financial liabilities, on the other hand, increased by USD 25.3 billion during (April-June) to USD 669.2 billion.

Reserve assets increased by USD 10.9 billion to USD 315.7 billion at end the first quarter.

Direct and portfolio investments in India during the first three month of the current fiscal rose by USD 13.5 billion and USD 2.8 billion, respectively.

Among other investments, trade credit and loans (mainly ECBs) increased by USD 3 billion and USD 4.6 billion respectively during the April-June period.

http://economictimes.indiatimes.com/news/economy/indicators/overseas-investment-hits-all-time-high-of-103-9-bn/articleshow/10186715.cms

Foreign funds investments in September at $6.97 mn

With Indian markets trading volatile for most of September, foreign institutional investors (FIIs) sold in droves and net investments from overseas funds in the month stood at a paltry $6.97 million.

FIIs were bearish in August and had pulled out $2.48 billion. According to data available with the Securities and Exchange Board of India (SEBI), overseas funds participation in Indian stock markets is now at a low $51.3 million.

Data available for the four trading days of last million.

High interest rates and signs of slowing growth in India and economic turmoil back home have resulted in FIIs pulling out of equities markets.

http://economictimes.indiatimes.com/news/economy/foreign-trade/foreign-funds-investments-in-september-at-6-97-mn/articleshow/10207466.cms

FDI inflows rise sharply in first quarter

The net direct investment into India increased significantly by $7.2 billion during the April to June 2011 period, against $2.9 billion in the corresponding quarter last year, according to the Reserve Bank of India's balance of payments data, released on Friday.

Investment

Direct investment into India during the first quarter was to the tune of $12.9 billion ($6.1 billion in the corresponding quarter last year). This included investment in equities, which increased to $9.4 billion from $3.7 billion last year. Direct investment by India increased by $5.7 billion in the reporting period, against $3.2 billion in the year-ago period.

However, portfolio investment in India was lower at $2.5 billion against $3.5 billion.

http://www.thehindubusinessline.com/todays-paper/tp-money-banking/article2501565.ece

Industry upbeat as 26% FDI in FM Radio is formalised

The foreign investment cap in FM radio has been fixed at 26 per cent. The Commerce Ministry formalised this ceiling by issuing a circular.

Earlier limit

The earlier limit on foreign investment in the sector was 20 per cent and the industry had been asking for a higher ceiling.

The notification of the revised limit in terrestrial broadcasting or FM radio said, “The foreign investment limit for FM radio has been enhanced to 26 per cent from the earlier 20 per cent. This change ensures conformity of the foreign investment limit in this sector with other similar activities in the information & broadcasting sector.”

Welcoming the decision, Mr Tarun Katial, Chief Operating Officer, BIG FM, said, “This would allow long-term strategic investors to invest in the sector.” He said, “For the radio industry in general and BIG FM in particular, this is good news. Over the years, due to the small cap of 20 per cent, no strategic investor ventured to invest in the sector. The long-term outlook was weak. This increase in the cap will allow the industry to make use of international capital as well as strategic know-how, improving the ability of the sector greatly.”

Mr Kanwar Sameer, National Programming Head of Radio Mantra 91.9 FM, said, “The implications of this are positive. More money coming in will change the dynamics and it means good for the industry.”

http://www.thehindubusinessline.com/todays-paper/tp-marketing/article2501538.ece

Trade News

India-Latin America pharma meet

A three-day pharma business meet of India, Latin America and Caribbean (LAC) countries will begin here from today. “The objective of the meeting is to provide business opportunity to Indian pharma exporters, especially Small and Medium Enterprises,” Dr P V Appaji, Executive Director, Phamaceutical Export Promotion Council said.

About 14 important Latin American countries with huge potential for exports from India

were identified, he added. During the conference, four business sessions and a conclave of chief executive officers of pharma companies, would be organised.

Over 500 delegates from India, 250 exporters and 76 delegates from the LAC region are likely to participate.

http://www.thehindubusinessline.com/todays-paper/tp-corporate/article2491398.ece

India, Pak to double trade to $6 b in 3 yrs, liberalise terms for business visas

India and Pakistan have agreed to double trade to $6 billion in three years by normalising bilateral business relations, but Pakistan did not commit to a time-line for ending its non-discriminatory trade regime with India.

Commerce ministers from both countries met in New Delhi and decided to liberalise terms for issuing business visas soon by allowing multiple entry to more than one city. The two also decided to work on allowing investments from each other's countries and encouraging joint ventures. "We engaged in a frank, open and constructive manner and our discussions will define the future roadmap of our engagement," commerce minister Anand Sharma told after the bilateral meeting, adding that the visit of a commerce minister from Pakistan after 35 years reaffirmed growing understanding between the two countries.

India also agreed to drop its objections to a flood relief package that the EU wanted to extend to Pakistan in the form of sops for textile items. "In the next meeting of the WTO, we will express our support for the package," Sharma said. India had objected to the package on the ground that it would benefit only textile exporters from Pakistan and was not aimed at giving relief to flood victims.

Pakistani commerce minister Makhdoom Mohammad Amin Fahim invited Sharma to visit his country during the Safta (South Asia Free Trade Agreement) ministerial later this year. The joint communique stated that the two sides agreed that all mutual obligations contracted under Safta would be implemented with full sincerity. What was lacking, however, was a timeline for Pakistan to meet its obligation of extending the most favoured nation status to India mandatory under Safta.

It means that Pakistan would allow import of all goods from India except those included in a narrow negative list on favourable terms-the same treatment it gives to other Safta members. Pakistan allows imports of only 1,934 items from India contained in a positive list against more than 6,000 items allowed from other countries.

http://articles.economictimes.indiatimes.com/2011-09-29/news/30218138_1_safta-india-and-pakistan-double-trade

India, Myanmar to raise trade to $3 bn by 2015

India and Myanmar decided to double the bilateral trade to $3 billion by 2015 by ensuring greater cooperation in sectors such as oil and gas, infrastructure, agricultural products and pharmaceuticals. Both neighbours also vowed to increase two-way trade through the land route by strengthening the necessary infrastructure.

India and Myanmar have implemented the India-Asean (Association of Southeast Asian Nations) Free Trade Agreement (FTA) since September 1 last year. India had also implemented the Duty Free Tariff Preference (DFTP) scheme for Myanmar in January 2009, under which Myanmar would gain market access for 94 per cent of India's products at zero duty. India and Myanmar have also expanded the list of items for border trade from 22 to 40.

India said that businesses of both sides merited encouragement so as to use DFTP and Asean FTA channels to diversify trade. "Outsourcing of manufacturing and sourcing of raw materials can also boost trade," pointed out Commerce and Industry Minister Anand Sharma.

The minister said construction of the Kaladan Multimodal Transit Transport Project comprising waterway and roadway components would transform the trade between the country's Northeast and the rest of the world.

The project costing $120 million is expected to be completed by 2013. The aim is to create a direct trade corridor between Indian ports on the eastern side and Sittwe Port in Myanmar and then through riverine transport and by road to Mizoram, thereby providing an alternate route for transport of goods to Northeast India.

In the last fiscal, pulses and wooden products accounted for 97.5 per cent of Myanmar's export to India, while it imported mainly buffalo meat and pharmaceuticals.

http://business-standard.com/india/news/india-myanmar-to-raise-trade-to-3-bn-by-2015/450722/

Sectoral News

50 deals signed at DST-Lockheed Martin innovation expo

A record at 50 commercialisation agreements were signed at technology expo held in Thiruvananthapuram on September 29, as part of the Department of Science and Technology (DST)-Lockheed Martin India Innovation Growth Programme (IIGP).

Those who signed the deals at the Thiruvananthapuram Technology Expo included multinational companies, helping place winners of the programme on a global platform.

Energy, Environment

A large number of deals involved technologies dealing with energy and environmental initiatives.

Lockheed Martin Corporation along with the DST; Federation of Indian Chambers of Commerce and Industry (Ficci); the Indo- US Science and Technology Forum and the IC2 Institute released a 'Compendium of Technologies' for the IIGP.

Compiled by Datamonitor, the report examines key trends in the IIGP, detailing the end-user sectoral classification of total selected technologies from 2007-2011.

It also provides a regional break-up of selected technologies with the highest number (40 per cent) coming from south India.

As for end-user industrial classification, the maximum number of technologies (18 per cent) is from pharmaceuticals and healthcare followed closely by technology and services (17 per cent).

South India Tops

Energy and utilities and environmental and waste management services are next with 12 per cent and 8 per cent respectively.

The objective of IIGP, launched in March 2007, is to enhance growth and development of India's entrepreneurial economy and escalate innovative new technologies into markets in the US and around the world.

Speaking on the occasion, the Industries Minister, Mr P. K. Kunhalikutty, said that the State was proud of hosting and becoming a part of this technology expo.

This would help strengthen its relationship

with the DST, Lockheed Martin, FICCI, and the University of Texas.

Dr Jennifer Byrne, Vice-President, Corporate Engineering and Technology, Lockheed Martin Corporation, stated that her company was pleased to support this programme.

Impressive Capabilities

It has given the company the privilege of observing the impressive capabilities in India.

“It is the responsibility of the science and technology community as a whole, business, academia and Government to foster innovation. The ingenuity on display here is a proof that the real power lies in what we can do together.”

Mr H. K. Mittal, Secretary, Technology Development Board, and Advisor and Head, National Science and Technology Entrepreneurship Development Board, called the IIGP a unique partnership between the Government, industry and academia. It creates an ecosystem for facilitating the birth of new ideas, nurturing and converting them into high value products and services.

Pull Power

Dr Juan Miguel Sanchez Mangold, Vice-President for Research, University of Texas, said that in its fifth year, the IIGP continues to attract innovative and world-class entrepreneurs and technologies.

According to Dr Rajiv Sharma, Executive Director, Indo-US S & T Forum, the programme has provided a platform for Indian innovators to share their bright and innovative ideas of socio-economic relevance.

“We expect the expo would provide the impetus for innovators and start-ups from the State to showcase their innovative skills and promote entrepreneurship.”

Earlier, Mr Nirankar Saxena, Director, FICCI, welcomed the guests.

http://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/article2498252.ece

Handicrafts exports up by 22% to $452 million in August

India's handicrafts exports grew by 22 per cent year-on-year to USD 452 million in August on the back of a rise in demand from new markets like the Middle East and Latin America.

The country's handicrafts exports stood at USD 369.7 million in August last year, according to data provided by the Export Promotion Council for Handicrafts.

"There is an increase in orders from new markets like Africa, Latin America and the

Middle East," EPCH Executive Director Rakesh Kumar said.

However, demand is sluggish in traditional markets like the US and Europe, he said.

The US and Europe together account for about 55 per cent of the country's total handicrafts shipments.

During April-August, 2011-12, India's handicrafts exports grew by 21.3 per cent year-on-year to USD 1.1 billion.

Among the items that registered the maximum growth in exports in August were woodwares, which saw a 41.6 per cent jump in outbound shipments, followed by imitation jewellery (up 35.3 per cent) and shawls as artwares (up 33.8 per cent).

The council expects India's handicrafts exports to touch USD 2.7 billion in the 2011-12 fiscal. During April-March, 2010-11, the country's handicrafts shipments jumped by about 26 per cent vis-a-vis the previous fiscal to USD 2.3 billion.

Moradabad, Jaipur, Saharanpur, Jodhpur and Narsapur are the major handicraft hubs in the country catering to world markets, employing about one million people.

http://economictimes.indiatimes.com/news/economy/foreign-trade/handicrafts-exports-up-by-22-to-452-million-in-august/articleshow/10182803.cms

Auto component ind seen at $100 bn mark

Indian auto component industry, which is currently valued at USD 30 billion, is expected to grow at USD 100 billion in the current decade on a robust domestic demand even as rising inflation and interest rates continue to be major challenges.

"The Indian auto component industry may cross USD 100 billion mark by 2020 by growing at a 15 per cent CAGR (Compound Annual Growth Rate)," Azaz Motiwala, a principal consultant with the city-based Ikon Marketing Consultants said quoting from a national survey conducted by the firm.

Motiwala said the industry for the first time, during FY11 recorded a Year on Year (YOY) growth at the highest 36 per cent compared to the last year on major contribution from exports at USD 5 billion and fresh investment from US at approximately USD 2 billion.

However, during the FY12 the growth is estimated to remain at almost half to the previous year at around 15-18 per cent, he said, adding the prime factors that could

hamper the industry growth are: lingering post-crisis difficulties in high-income countries, political turmoil in the Middle-East and North Africa and slow industrial production and trade from Japan due to earthquake and tsunami.

According to him, the domestic demand is going to be adversely affected due to rising inflation and interest rates.

When asked about the overall outlook of the industry, Motiwala observed the adverse macro economic factors such as GOI's policy of promoting Free Trade Areas (FTAs) that lead to increase in the threat of imports and technology absorption, besides proposed withdrawal of Duty Entitlement Pass Book (DEPB) scheme, which might prove detrimental for exports, will also contribute to hamper the overall industry growth.

The government has extended the DEPB scheme till September 30, even as an alternative scheme is in the works.

Though two and three-wheelers, along with passenger cars, account for two-thirds of the components manufactured, commercial vehicle components have shown the fastest growth rate over the last five years, Motiwala said.

Among the product range, the engine parts lead the industry with almost 31 percent market share followed by drive transmission and steering parts at 19 per cent, he said, adding that the other products like body and chassis parts, suspension and breaking parts, equipments and electrical parts also contribute significantly in overall industry turnover.

The survey further stated that the domestic market is estimated to grow at over 8 per cent per annum in the current decade, while exports are projected to rise at over 30 per cent per annum.

India's share in the world auto components too is likely to grow to over 3 per cent by 2015-16 while it was mere 0.4 per cent in 2003-04, Motiwala added.

http://www.financialexpress.com/news/auto-component-ind-seen-at-100-bn-mark/853059/0

Steel capacity to expand 10 mt by March

The Indian steel industry is set to see its production capacity expand by about 10 million tonnes to 93 million tonnes by the end of the current fiscal.

This capacity addition is led by companies such as Tata Steel, Essar, Bhushan Steel, Monnet Ispat and Visa Steel, which are in the

process of expanding their operations, the Steel Secretary, Mr P.K. Misra, said.

He was speaking to reporters after the quarterly review of SAIL's first quarter performance by the Steel Minister, Mr Beni Prasad Verma.

Tata Steel expects to add 3.1 mtpa to its existing capacity of 6.8 mtpa in the current financial year, while Monnet plans to commission its 1.5 mtpa plant in Raigarh by this December.

Mr Misra said despite the sluggish pace of steel consumption in the April-August period, he was hopeful of a demand pick-up in the main season starting October. “We expect the demand to grow at 10 per cent for the rest of the financial year,” Mr Misra said. Steel consumption had slowed down due to the weak demand from sectors such as auto and white goods because of high interest rates.

The Steel Minister released the next 100 days' agenda, which aims at finalising recommendations of Working Group on Steel for 12th Five-Year Plan (2012-17).

http://www.thehindubusinessline.com/todays-paper/tp-corporate/article2491389.ece

From Oct 1, S. India cotton body will be Indian Cotton Federation

Beginning October 1, the 32-year old South India Cotton Association (SICA) will change its name to Indian Cotton Federation.

This has been a long pending demand of SICA, considering the resource and recognition that the association earned at all cotton related events, be it the Cotton Advisory Board, Ministry of Textiles, State Cotton Council or APMC.

The presence of SICA has been duly recognised both in India and globally. This recognition prompted the necessity for a name change, said the outgoing President Mr C. Soundara Raj, at the 32nd annual general meeting of the association.

The association has received a communication to this effect from the Registrar last week.

“The change in name would be aptly supported by several new activities,” he added.

The association later announced the newly elected office bearers for 2011-12, with Mr J. Thulasidharan taking over as President, Mr K.N. Viswanathan (representing the trade) and Mr P. Nataraj (representing the mill sector), as Vice-Presidents and Mr A. Ramani as its Secretary.

Mr Thulasidharan said that the association would impress upon the Government the

need for a separate Cotton Board, as cotton came under three Ministries – Agriculture, Textile and Commerce.

'We need a cotton board such as the coffee, tea, rubber and spices board,' he said, adding 'out of the 120 million bales of cotton in the global market, India's contribution is roughly around 21 per cent in production and 19 per cent in consumption.

We are also the second largest cotton producing country. India could soon turn to be a trend setter say in contract fixation or any other issue. There would be less confusion if a separate board is in place for cotton.'

http://www.thehindubusinessline.com/todays-paper/tp-agri-biz-and-commodity/article2491363.ece

Coffee exports top record $1 b in 2010-11 crop year

Coffee exports in 2010-11 crop year that ended on September 30 increased 81 per cent in dollar terms to cross a billion. The growth was driven by high prices in a weakening global economic environment.

It is for the first time that coffee exports have breached the billion-dollar-mark in any crop year or financial year or calendar year. The previous high was $798.78 million in financial year 2010-11.

In dollar terms, the exports of coffee for the period October-September 2010-11 grew to $1.046 billion against $577 million in the previous year.

In Rupee value terms, exports were up 74 per cent to Rs 4,788 crore against Rs 2,753 crore.

In volumes terms, coffee exports were up 33.2 per cent to 3.57 lakh tonnes (lt) against 2.68 lt in the previous year.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2504249.ece

News Round-Up

India most-preferred new destination for global retailers: Study

India may not have opened its retail industry to foreign investors yet, but it's the most preferred new destination for global retailers who bet on emerging markets to offset worsening economic conditions in the developed world. India topped the list in a survey of 323 international retailers about the

markets they entered for the first time last year, done by property agents CB Richard Ellis.

"If many retailers are already entering the Indian market, then I don't think there is so much of an entry barrier," said Neville Moss, director – head of EMEA Retail Research at CB Richard Ellis. "International retailers will just be more confident on the sense of ownership given in a foreign country," he added.

That could by why several delegates of global retailers at the annual World Retail Congress in Berlin seem to have taken a wait-and-watch approach to investing in India. "We think India has the potential but, honestly, we haven't even studied the market yet," said Janet Grove, vice chair at US department stores chain Macy's, which is now gungho on China. "India is down the road, but first will be China." According to the CB Richard Ellis study, which covered 75 countries, eight retailers entered India last year while seven entered second-placed Turkey.

In terms of international retailers present in a country, India still ranks 35 with just about one-fourth retailers present in the country. China is ranked seventh, with 46% retailers' presence, in the list topped by the UK with 57.6% retailers present in 2011. New Delhi ranked as the fourth most popular city for new retail entrants at city level. Retailers are increasingly looking at economies such as India and China, which have the best growth prospects and are least likely to be affected by austerity measures.

http://articles.economictimes.indiatimes.com/2011-09-27/news/30208485_1_global-retailers-world-retail-congress-retail-industry

GDP growth for FY 12 seen close to 8 per cent: PMEAC

India's economy is seen growing close to 8 percent in the current fiscal year to March, C. Rangarajan, chairman of the prime minister's Economic Advisory Council said.

High interest rates have slowed growth in Asia's third largest economy and private economists have said that growth would be below 8 percent in FY12 though policymakers say 8 to 8.5 percent expansion is possible.

http://economictimes.indiatimes.com/news/economy/indicators/gdp-growth-for-fy-12-seen-close-to-8-per-cent-pmeac/articleshow/10167688.cms

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