



## **Exports up by 3.4 per cent in April-March 2008-09 India's foreign trade**

India's cumulative value of exports for the period April-March, 2008-09 was US \$ 168704 million (Rs.766935 crore) as against US \$ 163132 million (Rs.655863 crore) registering a growth of 3.4 per cent in Dollar terms and 16.9 per cent in Rupee terms over the same period last year. Exports during March, 2008-09 were valued at US \$ 11516 million which was 33.3 per cent lower than the level of US \$ 17254 million during March, 2008. In rupee terms, exports touched Rs.58997 crore (US \$ 11799.40 million), which was 15.3 per cent lower than the value of exports during March, 2007-08.

## **Overseas investors' inflows turn positive**

Foreign Institutional Investors (FIIs) have turned net buyers in the Indian markets in 2009. Consistent inflows from FIIs, especially in April, have resulted in net inflows of Rs 530 crore on a year-to-date basis, according to data available with the SEBI. FII flows turned net positive this week from being negative a week ago. April alone saw the Indian markets receive net inflows of Rs 6,682 crore (US \$ 1336.40 million) from FIIs. This influx reversed the entire outflow of Rs 6,151 crore (US \$ 1230.2 million) in the three months to March 2009. This sudden arrival of foreign funds was perhaps a key reason for the strong rally witnessed by the Sensex in the recent months. Even as the Indian stock market continues to lag a number of global indices in 2009, April had a different story to tell. The Sensex had been the top performing index among leading global indices during month of April, with smart returns of 17.5 per cent (in dollar terms).

## **FDI growth up 85% in '08, highest globally**

India achieved a stunning 85.1% increase in Foreign Direct Investment (FDI) flows in 2008, the highest increase across all countries, even as global flows declined by 14.5%, says the findings of the UNCTAD study assessing the impact of the current financial and economic crisis on global FDI flows. The study, which updates the organisation's January assessment, estimated that the FDI investments into India went up from \$25.1 billion in 2007 to \$ 46.5 billion in 2008 even as global flows declined from \$1.9 trillion to \$1.7 trillion during the period. The study pointed out that India's FDI flows, which was just a fraction of that of China just a few years back, had now touched half the levels. More importantly that ratio of FDI to GDP in India would now exceed that of China, indicating its larger role in the Indian economy, as the size of the Chinese economy was around three times higher than that of India. India's achievement in mobilising FDI was all the more significant because the inflows into the developed countries had declined by 25.3% in 2008. In contrast the overall FDI flows to developing countries increased by 7.2% in 2008.

## **Govt clears 22 FDI proposals worth Rs 541 cr**

The Government has cleared 22 proposals, including those of Yamaha and Nokia that will bring in Rs 541.25 crore (US \$ 108.25 million) of foreign direct investment (FDI) into India. The proposals, cleared on the recommendation of the Foreign Investment Promotion Board (FIPB), include Tikona Digital Networks' proposal to bring in Rs 237.3 crore (US \$ 47.46 million), Nokia's plan to set up the first single-brand retail joint venture with

HCL Infosystems to sell handsets and accessories, Yamaha's proposal to transfer its business operations to a new company in India, India Yamaha Motor Pvt Ltd, and Kolkata-based Electrosteel Castings' proposal to bring in Rs 157.47 crore (US \$ 31.49 million) of FDI. Under the Tikona proposal, Goldman Sachs Investment Partners, Indivision India Partners, Oak India Investments and Green Lotus will invest Rs 237.3 crore (US \$ 47.46 million) in the company. The investment will take their combined stake in the company to 69.9 per cent.

### **Tatas amongst world's reputed firms: global survey**

The US-based brand and reputation management agency, Reputation Institute has mentioned five Indian firms among the top-50 in its annual list of the world's most reputed companies, noting that the world looks to "corporate India to find trust, admiration and good feeling". The list has been created on the basis of admiration, trust and good feeling that consumers have towards a company. Indian companies are amongst the top companies in the world in terms of their reputation, as per a study that has rated Tatas as more reputed than majors such as Google, Microsoft, Coca-Cola, GE and Walt Disney. The Tata group is at the 11th spot in the global list, which has been topped by Italy's chocolate maker Ferrero, Sweden's retailer IKEA and Johnson & Johnson of the US. Among other Indian companies, Tatas are followed by SBI (29), Infosys (39), Larsen & Toubro (47) and Maruti Suzuki (49th). There are 22 other Indian companies on the list of 600 largest companies, ranked in terms of their reputation, including Hindustan Unilever (70), ITC (96), Canara Bank (103), HPCL (112), Indian Oil (113), Wipro (117), Reliance Group (133), Mahindra & Mahindra (138), Bharti Airtel (164), Bank of Baroda (175), BPCL (176) and Punjab National Bank (178). The Reputation Institute revealed that the 27 Indian companies

ranked among the 600 largest in the world, almost 90 per cent received scores above the global mean.

### **TCS signs five-year contract with Volkswagen Group**

India's largest information technology (IT) firm, Tata Consultancy Services (TCS), has signed a five-year contract with UK-based automobile maker Volkswagen Group to deliver IT transformation and support services. TCS will support Volkswagen in its business transformation programme to meet its aim to "sell more cars, sell more parts, drive down costs". The IT major will support all the brands — Audi, SEAT, Škoda, Volkswagen Passenger Cars and Volkswagen Commercial Vehicles — within the group as they move to a consolidated, standardised business platform. This is the first time Volkswagen has implemented an onshore-offshore model for its IT systems. This shows the continued focus that TCS has in the UK. Revenue contribution from Continental Europe for FY09 was 40 per cent. The IT major already does work with Nissan, Ferrari, Chrysler and Ducati. The automotive industry has been one of the focus markets for TCS and is part of its manufacturing vertical.

### **MF industry posts 12% growth in April assets**

Mutual funds snapped the asset losing streak in April with the industry's assets under management (AUM) growing by 11.8 per cent to Rs 5,51,299.95 crore (US \$ 110259.99 million). Experts attribute this growth to the fact that institutions that had withdrawn in March had come back in April. A major part of the inflows had come into liquid funds and ultra short-term debt funds. The sharpest rise in assets was witnessed by Baroda Pioneer AMC, which registered a growth of 66 per cent at Rs 1,882 crore (US \$ 376.4 million). Reliance Mutual Fund, the largest fund house, saw its as-

sets going up by 9 per cent to Rs 88,387.98 crore (US \$ 17677.59 million) compared to its March assets of Rs 80,962.93 crore (US \$ 16192.58 million). The second-largest fund house, HDFC mutual fund's assets went up by 10 per cent to Rs 63,880.63 crore (US \$ 12776 million), followed by ICICI Pru and Birla Sunlife, which saw their assets surge by 10 per cent and 9 per cent respectively. While Tata mutual fund's assets had increased by 14 per cent to Rs 19,438.81 crore (US \$ 3887.76 million) compared to the March figure of Rs 17,029.87 crore (US \$ 3405.97), DBS Chola mutual fund had seen an increase of 57 per cent at Rs 1,611.4 crore (US \$ 3222.80 million).

#### **Honeywell expects faster growth at India operations**

Honeywell International Inc. expects business at its India unit to rise at double the pace of its growth in developed markets. Chairman and Chief Executive David Cote told reporters that US aerospace and technology firm Honeywell's non-US operations contributed to 50% of its revenue of \$37 billion (Rs1.8 trillion) in 2008. In 2003, sales from outside the US contributed to 40% of overall revenues. India has played a major role. Mr. Cote said that they would not have been able to do that if it had not established the kind of capability it has in India. He was in Bangalore to inaugurate Honeywell's largest research centre globally. The firm has expanded its India workforce, which includes software professionals and aerospace researchers, to 11,000 from around 500 some six years ago. Honeywell, which operates in four business segments - aerospace, automation and control solutions, transportation systems and speciality materials - expected revenue from India to be \$600 million in 2009.

#### **India to be Ericsson's hub for managed services**

With Ericsson set to bag major contracts worth multi-billion dollars from Indian operators including BSNL, the Swedish telecom equipment manufacturer was increasing its investments in India apart from making it the global hub for managed services and outsourcing. Speaking to Business Line, Mr Carl-Henric Svanberg, President and CEO of Ericsson, said, "We are investing here. This is a very good place to be for us. This has been the home country, if you like, for managed services and outsourcing. It is where this concept started and here we receive a lot of tasks that can be done cross border. When asked whether Ericsson was looking at making India the hub for some of its global activities, Mr Svanberg said, "We are moving in that direction and we have more and more activities to outsource. But, if you see all the big companies whether it is IBM, or Huawei, it is here. India has become a country where there is a lot of outsourcing skills being developed. For Ericsson, the network operations centre that we have in India roughly handles about 11 customers. But it doesn't work that way that whole network is run from a place. It may be optimisation work or it may be networking operations that could be outsourced here, but it's seldom the whole thing."

#### **Nortel sets up new network centre in Bangalore**

Nortel has opened a new Global Network Operations Center (GNOC) in Bangalore to help remotely manage and support communications networks for enterprise and carrier customers across Asia, Europe and the Americas. The Bangalore GNOC provides round-the-clock network surveillance and performance monitoring for voice and data networks. This enables Nortel enterprise and carrier customers to focus their resources on the core business, instead of dedicating

costly IT resources to maintain and manage their communications networks. This, in turn, helps these companies lower operational costs, maximise network efficiency and performance, and keep abreast of new, evolving technologies. This is Nortel's fifth Network Operations Center (NOC) opened around the world. Nortel's other NOCs are located in North America, Europe, China and India in the city of Gurgaon.

### **Core sectors rebound to hit 6-mth high growth of 2.9%**

Core sector growth was back on track. The index for six core industries—crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel—had turned in a growth of 2.9% in March 2009 over March last year. This had been the highest growth rate in the last six months, and higher than the average of 2.7% for 2008-09 as a whole. The biggest surprise in the basket of core sectors was electricity generation, which touched a 13-month high. Coal production grew 5.2% in the year and showed a cumulative growth of 8.1% for the fiscal. Annual growth in finished carbon steel production contracted 2.6% in March, raising concerns. The steel industry staged a smart recovery in the first three months of 2009 on account of a revival in the auto, rural infrastructure and housing sectors, and is expected to gather further momentum hereon. Petroleum refinery products recovered to grow 3.3%—the highest in last 5 months—while the drop in crude oil production recovered from a low of 8.1% in January to 2.3% in March.

### **Indian banks are sound & healthy**

The capital adequacy ratio (the minimum amount of capital that banks have to set aside when lending ) of Indian banks would continue to remain higher than the minimum regulatory requirement of 9% even if sticky loans, or NPAs, were to more than double. Addressing a seminar

at the London Business School, RBI Deputy Governor Mr. Rakesh Mohan said that Indian banks were sound and healthy unlike their counterparts in the West. This was established by the stress test of Indian banks conducted by a Government-appointed committee on financial sector assessment in view of the ongoing economic crisis. The committee studied data of the end-September '08 period, when the financial crisis shot into the limelight. Even a recent study by ratings agency CRISIL noted that while bank NPAs would rise in light of the slowdown, yet, given their healthy capitalisation and cleaner balance sheets, the impact of rising delinquencies was likely to be within the stress tolerance levels.

### **NRI remittances up 20-fold at \$4 bn**

In an indication that the diaspora continues to repose faith in India amid turbulent times, net inflows from non-resident Indians witnessed a stupendous, over twenty-fold rise to \$4 billion in fiscal '09 as these constituents sharply increased their exposure to various NRI deposit schemes. Notably, inflows in March '09 itself crossed \$1 billion, the highest since October '03, and testament to the fact that Indians abroad increasingly sought financial safety of their shores. Latest figures by Reserve Bank of India showed that net inflows through various NRI deposits surged from \$179 million in FY08 to \$3,999m in FY09. These include inflows through Foreign Currency Non-Resident-banks (FCNR-B), Non-resident (external) Rupee Accounts (NRE-RA) and Non-resident ordinary (NRO) deposit schemes.

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