



India's goods and services exports to double by 2014

During his interaction with the Members of the Parliamentary Consultative Committee attached to his Ministry, Mr. Anand Sharma, Union Minister of Commerce & Industry, stated that even in the difficult times, the Government would like to achieve an annual export growth of 15% over 2010-11. He added that in the remaining three years, the country should be able to come back on the high export growth path of around 25% per annum. The Minister informed the Members that by 2014, India's exports of goods and services were expected to double while the long term policy objective was to double India's share in global trade by 2020. Mr. Sharma mentioned that during the last five years, India's exports witnessed robust growth to reach a level of US \$ 185 billion in 2008-09 from US \$ 63 billion in 2003-04. The country's share of global merchandise trade rose from 0.83% in the year 2003 to 1.45% in the year 2008. He added that India's share of global commercial services export rose from 1.4% in 2003 to 2.8% in 2008 which the country's total share in goods and services increased from 0.92% in 2003 to 1.64% in 2008. To meet the objective of sustained growth in exports, Mr. Sharma said that the Government's endeavour was to have a policy environment through a mix of measures including fiscal incentives, institutional changes, procedural rationalization and efforts for enhanced market access across the world and diversification of export markets. The Minister pointed out that the Government had announced a lot of incentives to many labour-intensive industries. He further stated that the impact of the stimulus packages announced could be seen in the revival

of the growth of industry, particularly the manufacturing sector. During April-August 2009, the IIP recorded a higher growth of 5.8 per cent compared to 4.8 per cent during the same period last year. The industrial output expanded by a robust 10.4 percent in August 2009, highest in the preceding twenty two months. The industrial revival is broad-based with a double digit growth in the key segments of mining, electricity and manufacturing in August 2009.

PM opens door wider for foreign investment

In his keynote address at the inauguration of the 25th India Economic Summit, organised jointly by the World Economic Forum and the Confederation of Indian Industry in Delhi, Prime Minister Manmohan Singh sent out a strong message on the need for further economic reform, particularly in the financial sector, and welcomed investment through qualified institutional investors in Indian companies. Stating that the country has been able to withstand the economic downturn, he stated that a gradual phase-out of the stimulus measures would take place next year. In addition to FDI, Dr. Singh welcomed portfolio investment in equity in Indian companies by qualified institutional investors. Dr. Singh's statement, which is being interpreted as a welcome for foreign institutional investors, came against the backdrop of fears in the international community that India would impose controls on capital inflows. It is also significant because it was made just three days after the government announced that unlisted profitable state-owned companies with positive net worth would be tapping the stock market in addition to a further disinvestment in companies that have less than 10 per cent floating equity. Setting the broad

agenda for reform, Dr. Singh emphasised the need to make the financial sector more competitive while ensuring an efficient regulatory and oversight system. He underlined that the country hoped to achieve a growth rate of 7 per cent with a normal monsoon next year compared to around 6.5 per cent this year. The country's gross domestic product (GDP) grew by an average of nearly 9 per cent in the five-year preceding the global financial crisis. To a query by World Economic Forum Founder and Executive Chairman Klaus Schwab as to his primary concerns, Dr. Singh answered education and health. He emphasized that "it was his sincere hope that in the next couple of years, the Government could raise public sector involvement and investment in education to 6 per cent of GDP and Public sector involvement in health was raised from 1.2 per cent to 2 to 2.5 per cent."

Industrial output grows 9.1% in September

Government data released revised the annual growth figure for August to a 22-month-high of 11% from 10.4%. Industrial output topping market expectations to post 9.1% growth in September from a year earlier, continuing its upward spiral for nine consecutive months. Admittedly, part of the rise in industrial growth is due to low base effect as the index of industrial production (IIP) grew by just 1.7% a year ago.

Indian economy grows 7.9 per cent during July-September 2009

India's gross domestic product (GDP) grew by 7.9 per cent during July-September 2009, up from 6.1 per cent in the previous quarter, as per data released by the Central Statistical Organisation (CSO). The cumulative expansion for the first half of the current fiscal stood at 7 per cent with the economy registering a 6.1 per cent growth in the first quarter of 2009-10. The surge in

GDP numbers was led by a 9.2 per cent growth in the manufacturing sector, with the mining and construction activities expanding by 9.5 per cent 6.5 per cent, respectively. Community, social and personal services expanded by double digit at 12.7 per cent, whereas trade, hotels, transport and communication sector grew by 8.5 per cent. Further, financing, insurance, real estate and business services increased by 7.7 per cent against 6.4 per cent a year ago. The size of the domestic economy stood at US \$ 385.75 billion in the first half of 2009-10.

Indian mutual fund industry touches high of US\$ 162.62 billion

According to data from the Association of Mutual Funds in India (AMFI), the Indian mutual fund industry touched an all time high of US\$ 162.62 billion and the industry's average assets under management (AUM) grew by US\$ 4.14 billion, or 2.61 per cent, in October 2009, on the back of increased inflows in fixed income plans. The combined average AUM of the 36 fund houses hit US \$ 162.81 billion at the end of October 2009; Reliance MF maintained its position as the country's largest fund house with its AUM standing US\$ 24.9 billion, while the assets of the country's second-largest fund house, HDFC MF, inched closer to US\$ 21.4 billion. Other fund houses that saw their average AUM rising in October 2009 include Canara Robeco MF, Sahara MF and SBI MF. Inflows into fixed income schemes helped the industry to record a growth in assets.

18 of WEF's 'Global Growth Companies' are Indian

The World Economic Forum's Global Growth Companies (GGC) Community was formed to engage high-growth companies with the potential to be tomorrow's industry leaders and drive economic and social change. Of the more

than 200 companies from over 50 countries that form part of the GGC Community, India currently has the second largest representation, with a total of 18 GGCs. Indian GGCs come from every sector, with a strong representation in information technology and electronics, retail, consumer goods and banking. The GGC Community was formed in 2007 to engage dynamic high-growth companies with the potential to be tomorrow's industry leaders and become a driving force of economic and social change. The community provides a platform where leaders of the most dynamic organisations can jointly address the top issues they face in further developing their companies and contributing to economic and social development. WEF selects companies on the basis of their revenue, growth rate, internationalisation and leadership. Membership is by invitation only. Key selection criteria include: annual growth rate exceeding industry and regional average by 15 per cent; minimum turnover between \$100 million and \$5 billion, depending on the industry; demonstrated growth potential; capacity and intent to build a global business; and exemplary executive leadership.

Indian CIOs pip global peers in IT innovation

India's top enterprises, set to spend over US \$10 billion on technology services this year, were better than global peers when it comes to using technology for driving innovation and launching disruptive business models, according to an IBM study of over 2,500 companies across the globe. The chief information officers (CIO) at companies, such as Maruti Suzuki, Shoppers Stop, Reliance Life Insurance, Asian Paints, plan to use technology solutions for lowering their operational costs, and also explore newer ways of doing business. "Indian CIOs appear to be more visionary when compared with their global counterparts. One of the significant findings of the 'IBM's Global CIO Study' is the evolution

of Indian IT leaders when it came to their involvement in business. Almost 40% of the Indian CIOs report directly to their chief executive officers, while around 31% of their global peers report directly to their CEOs. This reflected their involvement with the businesses, something every technology leader aspires to achieve. Moreover, 80% of the 100 top Indian CIOs surveyed said that they planned to use data analytics and business intelligence (BI) tools to help their businesses become better. Analysing customer and sales data would help these companies track their customers better and sell relevant products and services.

India's BPO market to grow to US \$ 6.82 bn by 2013

According to a report by information technology research firm IDC India, domestic business processing outsourcing (BPO) market in India which has close to 500 players, will grow at a compound annual growth rate (CAGR) of 33.3 per cent, to reach revenues of US\$ 6.82 billion by 2013, up from US\$ 1.62 billion in 2008. The report said that positive market indicators of an economic recovery, unbundling of mega outsourcing deals and large unaddressed white spaces such as regional language services supported the current optimism. The banking, financial services and services (BFSI) vertical contributed the major share of 37 per cent to the domestic sector's revenues, while telecommunications contributed about one-fourth.

India's global trade in goods and services rises to 54% of GDP

India's global trade engagement has risen to account for 54 per cent of the country's Gross Domestic Product (GDP) in 2008-09, from 30.9 per cent in 2003-04 - an indication of increased integration with the global economy. In its paper on the state of the economy, the Finance Ministry said that India's greater

integration with the world economy was reflected in the trade openness indicator. India's merchandise trade rose from 23.7 per cent of the GDP in 2003-04 to 41 per cent in 2008-09. The paper said that if the services trade was included, the indicator was higher at 54.2 per cent in 2008-09, reflecting greater degree of openness.

SEZs post Rs 89,000-cr exports in Apr-Sept

Bucking the trend, exports from the country's 101 operational special economies zones (SEZ) topped Rs 89,000 crore (US \$ 19347.80 million) during the first six months (April-September) of the current financial year, compared to Rs 99,689 crore (US \$ 21671.52 million) worth of exports in the entire 2008-09. Out of the Rs 89,000 crore (US \$ 19347.80 million), around Rs 25,000 crore (US \$ 5434.78 million) worth of exports took place from government SEZs, Rs 9,000 crore (US \$ 1956.52 million) from state and private SEZs and the remaining approximately Rs 45,000 crore (US \$ 9782.60 million) from SEZs that are set up under the Act. The total number of employees in various SEZs across the country also grew from 283,425 to 418,129.

Food Industry

Investment opportunities in the Indian food industry are set to grow by 42.5 per cent to US\$ 181 billion in 2015 and to US\$ 318 billion by 2020, according to a study on India's food industry. The key drivers of the sector have been identified as an increase in per capita disposable income by 8 per cent over the last five years, leading in turn to an additional per capita spend on food by 20 per cent in the same period. The study also pointed out that the sector offered huge investment potential due to the launch of new products and increasing penetration of processed foods. In an effort to help

India develop its food processing sector, France has offered to set up a joint working group and has offered its expertise and technology in the area. The Netherlands is also looking at joint venture partners in the Eastern and North-Eastern states for collaborations in sectors such as food processing, food retailing, floriculture and horticulture.

India targets \$50-billion FDI by 2012

India is targeting annual foreign direct investments worth \$50 billion by 2012. It would double the inflows by 2017. In order to make the investment environment in states more lucrative for prospective overseas investors, the commerce ministry would set up a panel comprising state industrial ministers. The panel would recommend measures to iron out procedural difficulties faced while setting up a business. The Commerce and Industry Ministry has got in-principle approval from the Planning Commission to start industrial park schemes for nine labour-intensive sectors. Gems and jewellery, bicycles and invalid carriages, ceramics, glass, toys, electronic hardware, sports goods sectors will get benefits similar to the leather park scheme administered by the industry department. Under this scheme, interested entrepreneurs will have to set up a not for profit company, which will get central grants up to Rs 40 crore (US \$ 86.95 million) or setting up industrial infrastructure. The support will be given only after the SPV gets the land. This will promote labour-intensive factories across the country and create employment. The Commerce and Industry Minister, Mr. Anand Sharma also appealed to the States to develop land banks. Mr. Sharma said that each State should identify areas which were designated for industries. He pointed out that the designated areas would not include fertile farm land.

Government approves 17 FDI proposals

The Government has approved 17 foreign direct investment (FDI) proposals amounting to US\$ 250.56 million. Among those projects approved were FDI applications for steel maker Arcelor-Mittal and iron pipe maker Electrosteel Castings. ArcelorMittal which had proposed to bring in US\$ 108.85 million FDI, plans to employ the foreign equity in a company engaged in manufacturing cold-rolled semi-finished iron and steel products. Meanwhile, Kolkata-based Electrosteel Castings plans to issue and allot securities to raise FDI worth US \$ 129.77 million.

FII holdings in India Inc rising

On the back of strong fund inflows from foreign institutional investors (FIIs) in the recently concluded quarter, the shareholding of this segment in India Inc has risen to 17% from 16% in the previous quarter. FIIs now own half of the market's free float. Foreign capital (institutional and direct) at 26% now accounts for over half of the market free float, with FII holding itself valued at \$187 billion. The peak was in the quarter ended December 2007 when it was \$265 billion. With this increase in shareholding, FIIs have retained the position as the largest non-promoter investors in India (without factoring in the PSUs); and overall foreign share of the market (including subsidiaries, direct, and portfolio) is more than 25%. The foreign institutional portfolio in India now stands at more than \$187 billion, up 27% Q-o-Q, against Sensex's rise of 18%. FII inflows have been one of the drivers for the up-move in the markets, pumping in (net) \$16 billion into the equity markets in 2009, while the mutual funds continue to remain net sellers in the market. Thus going ahead, there could be a rise in the FII holdings in the ownership of the stocks.

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