



# INDIA NEWS

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## **Exports in June touches US\$ 17.75 billion**

The exports touched US\$ 17.75 billion in June 2010, posting a 30.4 per cent growth as compared to the corresponding period in 2009. The exports witnessed a positive growth for the eighth consecutive month on the back of good results reflected by major sectors such as engineering, oil, iron ore, chemicals, gems and jewellery. According to the Export Promotion Council for Export Oriented Units and Special Economic Zones (SEZs), the first quarter of 2010-11 witnessed 67.8 per cent higher exports from SEZs than in the corresponding period of the previous year. As per a statement released by the Export Promotion Council, the first quarter exports from SEZs were US\$ 12.48 billion.

## **IMF lifts India growth forecast to 9.4% in 2010**

The International Monetary Fund (IMF) raised its India growth forecast for 2010 to 9.4 per cent from 8.8 per cent estimated in April. In its July update of the World Economic Outlook (WEO) projections, the Washington-based multilateral agency, however, kept unchanged its 2011 India growth forecast at 8.4 per cent. In a report, the IMF said that India's GDP growth is expected to accelerate to 9.4 per cent in 2010 as robust corporate profits and favourable financing conditions fuel investments. The Government expects the country's economic growth to be over 8.5 per cent in 2010-11 (April-March). The growth forecast made by IMF and the Indian government are strictly not comparable, as they count different months for arriving at an annual period.

## **FDI rises by 5.6 per cent in May 2010**

The Foreign Direct Investment (FDI) in May 2010 for the country rose by 5.6 per cent to US\$ 2.21 billion as compared to US\$ 2.09 billion in the corresponding month in 2009. Mr. D K Joshi, Chief Economist, CRISIL Ltd opined that the inflows are likely to remain healthy. Mr. Joshi said that India remains a strong magnet due to its economic growth. A concept paper was initiated by the Department of Industrial Policy and Promotion (DIPP), proposing a hike in FDI cap of 26 per cent in the defence sector. Besides, similar papers on agriculture, multi-brand retail, and pharmaceutical are expected according to sources. The Government has also taken initiatives to streamline the procedures for foreign investors.

## **Indian services sector witnesses two-year high growth in June 2010**

The services sector in India grew at its fastest in two years in June 2010 led by an increase in business expectations and new orders. According to the HSBC Markit Business Activity Index, based on a survey of 400 firms, the service sector rose to 64.0 in June 2010 from 58.2 in May 2010, pointing to a substantial rate of growth as a figure above 50 indicates expansion. All the 6 sub-sectors covered by the survey recorded growth in new business ventures since May 2010, with postal services and telecommunications registering the fastest expansion. The survey also highlighted that the Indian services companies raised their charges for the seventh consecutive month.

### **India Inc on a buying binge in US**

Indian companies are on an acquisition spree in the US. In the first half of the current calendar year, they acquired 23 companies with a cumulative transaction value of over \$3.8 billion, according to a report by New York-based advisory firm IMaCS Virtus Global Partners. This is double the deal volume and eight times the deal value compared with the same period in 2009. Robust economic growth and a surge in demand for natural resources in India combined with high debt-to-equity ratio and lower earnings potential of US companies is creating value buying opportunities for Indian companies in the US, said the firm, which is a joint venture between ICRA Management Consulting Services (IMaCS) and Virtus Global Partners. Information Technology/Information Technology Enabled Services industry leads the pack, accounting for over 65 per cent share (15 in absolute terms) of the total US bound transactions by volume, followed by oil and gas and mining (9 per cent each). Other industries such as pharmaceutical, finance, media accounted for less than 5 per cent each in terms of volume. Within the IT space, healthcare-related IT, remote infrastructure management, specialised business process solutions, and enterprise resource planning sub-segments were attractive for acquisitions, given their untapped offshore opportunities and relatively higher margins.

### **Forex reserves up \$1.28 b**

Foreign exchange reserves were up by \$1.287 billion to \$278.267 billion for the week ending July 2, on account of revaluation gains and the increase in the value of gold reserves. This is the fourth consecutive week in which the reserves have risen. Foreign currency assets expressed in US dollar terms include the effect of appreciation or depreciation of non-US currencies. Gold reserves were up by \$471 million to \$19.894 billion. SDRs were up by \$55 million at \$4.919

billion. The reserve position in the IMF increased by \$15 million to \$1.325 billion.

### **India's biggest terminal inaugurated**

Prime Minister Dr Manmohan Singh and UPA Chairperson Mrs Sonia Gandhi inaugurated, India's biggest and the world's eighth largest airport terminal, the Terminal 3 (T3) at Indira Gandhi International Airport (IGIA) in New Delhi on July 3, 2010. At the inaugural ceremony, the Prime Minister said that it would signal the arrival of a new India, committed to join the ranks of modern, industrialized nations of the world. The commissioning of this terminal will be a significant step forward in developing Delhi as a vital hub. It will encourage feeder traffic from the non-metro airports being developed by the Airports Authority of India. Sprawling over 6.4 million square feet of floor space, the terminal is flanked with 92 automatic walkways, 78 aerobridges and with 168 check-in counters and an in-line baggage check system; in all the terminal's size and scale is spectacular. The Delhi International Airport (P) Ltd (DIAL) officials claimed that the passengers are not likely to take more than five to 10 minutes to clear the process as the new baggage check system has done away with the separate x-raying of the baggage. The PM highlighted that there was a strong need for a regulatory and policy framework to be aligned with the requirements of the civil aviation industry to encourage investment of as much as US\$ 120 billion in the sector by 2020. In a span of a few years, India has become the ninth largest aviation market in the world. India also occupies an important geographical place in the air route structure of the world. Many key international air traffic services cross the airspace in which India is responsible for providing air traffic services. The hub traffic out of Delhi and Mumbai will increase, particularly in the coming years, he said.

### **India second on the Global Manufacturing Competitiveness Index: Deloitte**

India ranks second, in terms of manufacturing competence as per the 2010 Global Manufacturing Competitiveness Index; a result of the collaboration between Deloitte Touche Tohmatsu and the US Council on Competitiveness. The report said that in less than a decade, a new world order for manufacturing competitiveness has emerged along with a tectonic shift in regional manufacturing competence. Furthermore, the detailed report highlighted that the rise in the manufacturing competitiveness of three countries in particular - China (10), India (8.15) and the Republic of Korea (6.79) - appears to be parallel to the rapidly expanding and important Asian market. Perhaps more surprising is that India is now positioned at number two and gaining an even stronger foothold on that position over the next five years, the report said. In addition, the report brought to light India's rich talent pool of scientists, researchers, and engineers along with its vast, educated English-speaking workforce and the democratic administration; in all making it an attractive destination for the manufacturers. Noting that since the mid-1990s, India's software industry has increased to new heights and post-economic liberation has also opened a pathway to unprecedented market opportunities for Indian manufacturing, the report said moreover, beyond low-cost, Indian manufacturers gained experience in quality improvement and Japanese principles of quality management, with the largest number of Deming Award winners outside of Japan. The report further points out that the country is also rapidly expanding its capabilities in engineering design and development and embedded software development, which forms an integral part of many modern-day manufactured products.

### **SEBI eases lending disclosure norms for FIIs**

The Stock Exchange Board of India (SEBI) said that FIIs will now have to disclose information on Indian securities lent by them to overseas entities (for the purpose of short selling) on a weekly rather than a daily basis. The information will be submitted every Friday and SEBI will make it public the following Tuesdays. This has been implemented from July 2, 2010.

### **Bajaj, Renault-Nissan sign car MoU**

The Renault-Nissan alliance and Bajaj Auto signed a memorandum of understanding for developing the low-cost car. According to the Memorandum of Understanding (MoU), the design, engineering, manufacturing and supply base expertise to create the product will be executed by Bajaj with the support of the Renault-Nissan alliance. Marketing and distribution will be led by the Renault-Nissan with the support of Bajaj. The new understanding between Bajaj and Renault-Nissan alliance plan announced in May 2008 to form a joint venture in which Bajaj will hold a 50 per cent stake, while Renault and Nissan will hold 25 per cent stake each. The low-cost car targets not only Indian market but also other emerging markets. According to the plan, the car will come out only in 2012.

### **French investments in India to touch Euro 10 billion by 2012**

Investments by French companies in India are expected to touch Euro 10 billion by 2012 and would be focused on automobile, energy and environment sectors among others. There were about 750 permanent French establishments in India, employing nearly 2,00,000 Indians, a fifth of them as engineers in French IT companies. The number was around 50,000 in 2005. On the other hand, Indian companies in France had invested around Euro 500 million between

2005 and 2010. Currently 90 Indian companies are operating in France.

### **Indian telecom user base up 17.98 mn in June**

Telecom operators have added 17.98 million new users in June, taking the total telephone subscriber base in the country to 671.69 million. The wireless subscriber base (GSM, CDMA and fixed wireless phones) reached 635.51 million by the end of June, from 617.53 million in May, registering a growth of 2.91 per cent, according to figures released by telecom regulator TRAI. The overall teledensity reached 56.83 per cent.

### **Mukesh Ambani to be part of MDG Advocacy Group: UN**

United Nations (UN) has named Mukesh Ambani to be a part of the Millennium Development Goal (MDG) Advocacy Group. The MDGs are eight international development goals that all 192 UN member states and at least 23 global organisations have agreed to achieve by the year 2015. The group's mandate includes finding ways to minimise the socio-economic deterrents. Ambani is the only Indian to be part of the Advocacy Group, which comprises of eminent international personalities including Bill Gates, Ted Turner and Muhammad Yunus, among others. Ambani is expected to focus on a global partnership for development that will include development of an open, rule-based, predictable, non-discriminatory trading and financial system. He would also pay attention to the special needs of

the least developed countries (LDC), as well as landlocked developing countries and the developing small island states, as per UN.

#### **DISCLAIMER**

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