



INDIA NEWS

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Basel World 2010

Basel World 2010 World Watch, Clock and Jewellery Fair was held from March 18-25. Federal Councillor H.E. Mr. Moritz Leuenberger inaugurated the event. A delegation of 35 Indian exporters under the aegis of Gems and Jewellery Export Promotion Council participated in the event.

FIPB can now clear FDI of up to Rs 1,200 crore

The Government has allowed the Foreign Investment Promotion Board (FIPB), under the Commerce Ministry, to clear Foreign Direct Investment (FDI) proposals of up to Rs 1,200 crore (US \$ 260.86 million). At present, all project proposals that involve investment of above Rs 600 crore (US \$ 130.43 million) are put up before the Cabinet Committee of Economic Affairs (CCEA) for approval. Announcing the CCEA decision, Home Minister P Chidambaram said that the relaxation would expedite FDI inflow. He added that the Rs 600-crore cap was fixed in July 1996 and considering the investment requirement and the inflation factors, it had been decided that to increase it to Rs 1,200 crore (US \$ 260.86 million). While the total project cost, including the foreign equity inflow, is currently taken into consideration in deciding whether the proposal is to be put up for CCEA consideration, the new decision will see that only the proposals involving a foreign equity inflow of more than Rs 1,200 crore (US \$ 260.86 million) go to CCEA. It was also decided that the cases where prior approval of FIPB or CCEA for making the initial foreign investment was taken would not require any fresh approval if those sectors had been brought under the auto-

matic route in the subsequent years.

India's economy projected to grow 8 per cent in 2011-12: World Bank

According to the Global Economic Prospects 2010 report by the World Bank, India is expected to grow at 7.5 per cent in the fiscal 2010-11 and at 8 per cent in 2011-12, well above the 6.4 per cent average posted during 1995-2005. The report added that India's growth would benefit from increasing external demand, particularly on the back of the growth revival in high-income countries. World Bank also expects increase in foreign direct investment (FDI) inflows to the country in 2010 on the back of recovery of investment into the developing countries as well as improvement in FDI policies in the country.

FDI inflows touch US\$ 1.54 billion in December 2009

According to the latest bulletin issued by the Reserve Bank of India (RBI), Foreign Direct Investment (FDI) grew to US\$ 1.54 billion in December 2009, an increase of 13.2 per cent over the December 2008 level of US\$ 1.36 billion. This makes it the third consecutive month of year-on-year increases in FDI inflows. The February bulletin of the RBI showed that FDI equity inflows for the period between April and December of the current fiscal, stood at US\$ 21.5 billion, higher than the US\$ 21.15 billion posted in the same period in the preceding fiscal. The services sector followed by the telecommunications, real estate and housing sector are seen as preferred destinations for foreign investors.

Government nod for 14 FDI proposals

The Government has given its nod to 14 Foreign Direct Investment (FDI) proposals to bring in foreign investment totalling US\$ 157.89 million, which includes a proposal by the Asset Reconstruction Company to bring in FDI worth US\$ 58.82 million. The Government also cleared a Standard Chartered Bank proposal to bring in FDI worth US\$ 44.39 million that would increase its FDI from 74.9 per cent to 100 per cent in its equity broking investment banking and portfolio management arm. Other proposals cleared were the US\$ 54.28 million NDTV Lifestyle proposal and proposals by SaharaOne, NDTV Imagine and KS Oils proposals. The proposal of the Mauritius-based India Infrastructure Development Fund to bring in US\$ 517.29 million

Highest industrial growth recorded in 20 yrs at 16.8%

India's industrial output grew at its fastest year-on-year pace in almost two decades at 16.8% in December, signalling a strong recovery but also sparking apprehensions that the government may take cues from the RBI and start winding down some of the stimulus measures in the Budget. The manufacturing sector, which constitutes around 80% of industrial output, expanded by 18.5% to set the pace of growth. As a pointer to rising domestic consumption strengthening future growth, consumer durables industries such as automobiles surged 46% and capital goods output rose by 38.8%. Besides manufacturing, mining output grew by 9.5% in December against 2.2% a year ago, while electricity generation rose by 5.4% against 1.6% in the previous corresponding period.

Exports up 11.5% in Jan to \$14 bn

According to preliminary data, the country's merchandise exports reached \$14.34 billion (about Rs 66,680 crore) in

January, up 11.5 per cent from \$12.86 per cent (nearly Rs 59,800 crore – US \$ 12.86 billion) in the same month a year ago. Among the sectors that posted growth were agricultural products, tea, coffee, basmati rice, marine products, gems and jewellery, drugs, petroleum products and plastics, while textiles, jute, handicrafts, engineering goods and leather remained sluggish, Commerce and Industry Minister, Mr. Anand Sharma added. Exports grew by 18.2 per cent at \$11.16 billion and 9.3 per cent at 13.36 billion in November and December, respectively. Total exports for 2009-10 is expected to be \$165-170 billion.

Exports of gems, jewellery rise 45 per cent in Dec

According to the Gem and Jewellery Export Promotion Council, the exports of gems and jewellery from India, the world's largest supplier, rose 45 per cent over December 2008 to touch US\$ 1.89 billion in December 2009. Exports during the April-December 2009 increased to US\$ 19.6 billion from US\$ 19.1 billion a year earlier. Exports of cut and polished diamonds in the April-December 2009 period stood at US\$ 12.06 billion as compared to US\$ 11.5 billion in the corresponding period last year.

SEZ exports rise by 127 per cent in Apr-Dec 2009

Exports from special economic zones (SEZs), or tax free enclaves, during April-December 2009 grew by a robust 127 per cent to over US\$ 32.14 billion year-on-year. The total investments in the zones were at US\$ 27.51 billion as on December 2009. According to L B Singhal, Director General at Export Promotion Council for EOUs & SEZs, exports from the Special Economic Zones (SEZs) in the first nine months of 2009-10 was at US\$ 32.53 billion compared to US\$ 14.28 billion in the same period last year. SEZs have created additional employment to 154,025 people during the

period. Units in these zones are allowed 100 per cent tax exemption on their income for the first five years and 50 per cent in the next five years, according to the SEZ Act.

Forex kitty up \$899 m, touches \$285 bn

Foreign exchange reserves rose \$899 million to touch \$285.1 billion during the week ended January 15, largely on account of revaluation of non-dollar assets in reserves. The latest figures released by the Reserve Bank of India (RBI) indicated that the total foreign exchange reserves comprising foreign currency assets, gold and special drawing rights (SDR — reserves currency with the International Monetary Fund) rose \$853 million reflecting valuation gains in non-dollar assets. The value of SDR and the reserve capital with the IMF rose \$36 million and \$10 million, respectively, during the week.

Genpact acquires US-based Symphony

India's largest back-office firm Genpact announced the acquisition of US-based analytics and data management services provider Symphony Marketing Solutions (SMS), for an undisclosed amount. Apart from expertise in data integration, modelling and consulting, the acquisition will see transfer of 1,200 SMS employees spread across centres in India and the US to Genpact's payrolls. Currently, the Indian firm employs more than 37,000 people globally. SMS is a provider of analytics and data management services with domain expertise in the retail, pharmaceutical and consumer packaged industries. It is part of the India-based Software Technology Group of companies. An industry expert close to the deal said that SMS will prove to be beneficial for Genpact as it comes with long term assured business from customers such as IRI. Genpact also acquired US' largest drugstore Walgreen's accounting back

office in Danville as part of a 10-year outsourcing contract.

Global brands make a beeline for India

Levi Strauss and Co.'s Dockers range, Grotto SpA's GAS apparel and French lingerie label Etam, a new lot of fashion retailers are set to re-enter India with an eye on the wallets of affluent consumers. Zara, the fashion label owned by Inditex SA of Spain, UK garment chain Topshop, the Marc Ecko clothing line promoted by the US entrepreneur of the same name and the Japanese casual wear brand Uniqlo are also preparing to open outlets in India. They are among two dozen fashion brands expected to enter India this year to try their luck in an apparel market that Anand Raghuraman, a partner and director at Boston Consulting Group, estimates at Rs1.3 trillion and expanding at a yearly 10%. In the words of Mr. Raghuraman, over 20% of this industry, at Rs30,000 crore (US \$ 6453 million), was organized apparel retailers and was growing at 20% per annum, making it an attractive destination for global retailers. According to Boston Consulting Groups, important brands including Shoppers Stop, Nina Ricci, Christian Louboutin, Max Mara and Marc Ecko are also eyeing the Indian market.

India's business confidence index touches a two-year high in Jan 2010

According to the latest National Council of Applied Economic Research (NCAER) - MasterCard Worldwide Index of Business Confidence, business confidence in India has touched a two-year high in January 2010. The survey results, received in December, were based on 542 responses. The index measures business confidence on four indicators, which include overall economic conditions expected after six months, expected financial position of the firm after six months, investment climate compared to six months back and capacity utilisation level. The Business Confidence Index

cent of respondents posting a positive change in infrastructure development, led by telecommunications facilities.

India's IT market pegged to grow at 15.5 per cent in 2010

According to a study by Springboard Research, the Indian information technology (IT) market was expected to grow at around 15.5 per cent in 2010, on the back of growing investor confidence and favourable initiatives taken by the Government. Organisations were expected to initiate new large scale projects requiring significant IT infrastructure-related investments. The study also highlighted a shift in enterprise IT spending from focusing on new investments to streamlining costs and improving internal efficiencies. The research highlighted that Indian companies had received an impetus to be more productive due to the recent global economic and financial crisis. The Indian IT-BPO exports were projected to increase by 13-15 per cent in 2010-11 as per the IT industry body, the National Association of Software and Services Companies (NASSCOM).

Air Works acquires stake in Air Livery

India-based service provider, Air Works Engineering, has announced the acquisition of a 85 per cent stake in the British company, Air Livery. Air Works, which has a facility for maintenance, repair and overhaul (MRO) in Karnataka, is currently undertaking the construction of a hangar that allows for the simultaneous painting of two large planes such as the Airbus 340 or the Boeing 777. Air Works' MRO facility in Hosur has received approvals from the European Aviation Safety Agency. Air Works Director, Ravi Menon, has said that the facility would come up by the end of the year at a cost of US\$ 2.5 million. Air Works would utilise the technical know-how of Air Livery to help airlines bring down their maintenance costs. Mr. Menon said that with

Air Livery's expertise and considerable Western clientele, Air Works would be able to leverage the brand to attract customers. Subsequent to the acquisition, Air Livery would operate as an independent business unit of Air Works Engineering.

20 Indian banks in top 500 global banking list

They may not be bankers to the world yet, but Indian banks have clearly set their eyes on that. In a year that saw the worst recession for the global banking industry with several big daddies collapsing, resilient Indian banks have improved their brand value rapidly. There are 20 Indian banks in the Brand Finance® Global Banking 500, an annual international ranking by UK-based Brand Finance Plc, this year. The State Bank of India (SBI) became the first Indian bank to break into the world's Top 50 list, according to the Brand Finance study that saw HSBC retain its top slot for the third year in a row. The study, which was released in February 10, used discounted cash flow methodology to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value. SBI's brand value more than tripled to \$4,551 million, up from \$1,448 million in 2009 helping it grab the 36th spot in the list. ICICI Bank, the country's largest private bank, joined it in the Top 100 list with a 130% jump in its brand value at \$2,164 million. Other big gainers in brand value include IDBI Bank (190%), Bank of Baroda (162%) and Union Bank of India (148%). The cumulative brand value of 20 Indian banks stood at \$13,053 million. The 15 Indian banks that figured in last year's list saw a whopping 130% rise in their combined brand value. The number of Indian banks in the global list had more than tripled last year to 19 from six in 2007. Differentiation through strong brand and customer base value was be

coming a key economic lever for Indian banks. This was as true in financial services as in consumer products.

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