



INDIA NEWS

NO. 5

Mai 2011

Exports post highest ever growth in 2010-11

During the financial year 2010-11, India's merchandise exports reached \$246 billion, registering a growth of 37.5 per cent while imports topped \$350.3 billion, up 21.5 per cent year-on-year. While the recovery had been happening at a sluggish rate in developed economies, bulk of the growth came from newer markets. The Government had set a target of achieving exports worth \$200 billion in the last financial year. It had also set an ambitious goal of realising \$450 billion in export of goods by 2014. In 2009-2010, exports ended up falling 3.6 per cent to \$178.6 billion and imports declined by 5.5 per cent year-on-year at \$286.8 billion. Mr. Anand Sharma, Union Minister for Commerce & Industry said that the growth had mainly come from newer markets such as Latin America and Africa and not from traditional destinations of the US, Europe and Japan. The Minister added that going forward with the bilateral trade agreements which India had signed with South Korea, Malaysia, Singapore, Indonesia, Thailand and Association of South-East Asian Nations (ASEAN) would contribute positively in achieving the target of \$450 billion in exports by 2014. However, exporters feel that increasing cost of credit might spell doom for exports going forward, especially the small and medium sector, which accounts for 40 per cent of the country's exports. In FY11, growth in exports came mainly from engineering products rising by a staggering 84.8 per cent to \$60.1 billion, petroleum soaring by 50.6 per cent at \$42.5 billion, electronic goods by 34.5 per cent at \$7.4 billion, textiles at \$21 billion, drugs and pharmaceuticals at \$10.3 billion and carpets at \$1.1 billion. This is for the first time that exports of carpets from India have exceeded the \$1 billion-mark.

Marine exports at record levels

The earnings from export of marine products crossed the landmark figure of US \$ 2.5 billion in 2010-11, the highest ever, according to provisional estimates of Marine Products Export

Development Authority (MPEDA). The export of marine products during April - March 2010 -11 touched US \$ 2.67 billion, a growth of 10.96 per cent in quantity, 20.42 per cent in rupee value and 25.55 per cent in US\$ terms, compared to last year. A total of 752,791 tonnes, valued at US \$ 2688.99 million, were shipped last financial year as against 678,436 tonnes, worth US \$ 2233 million in 2009-10. The exports worth US \$ 2.13 billion in 2009-10, the provisional figures show. Considerable increase was made in the export of frozen shrimp and frozen squid during the period. Large-scale production of Vannamei shrimp in addition to high productivity of black tiger shrimp and increased landing of squid might be attributed for the increase.

India entered top 10 Clean Energy Investment list for first time

India continued its ascent as a top destination for clean energy investment, according to new research released by The Pew Charitable Trusts. In 2010, India attracted US \$ 4 billion in private investments, ranking 10th among the G-20 countries. It also ranked 10th for five-year growth rates for renewable energy capacity and 7th worldwide in the amount of installed capacity. With a target of deploying 20 gigawatts of solar generating capacity by 2020, the country is poised to further grow its share of this sector of the economy. Global clean energy finance and investment expanded in 2010 to US \$243 billion, a 30 percent increase from the previous year. With underlying data compiled by Pew's research partner Bloomberg New Energy Finance, Who's Winning the Clean Energy Race? 2010 Edition examines the key financial, investment and technological trends in relation to the clean energy economy of the world's leading economies. Known as the Group of Twenty (G-20), these members account for 90 percent of global clean energy finance and investment.

India offers a huge business potential, says Buffett

Mr Warren E. Buffett, Chairman, Berkshire Hathaway considers India as a country on the move. During his recent first time visit to India, he stated that India was a very big country with large number of very significant businesses. He further added that there should be all kinds of opportunities for many of the Berkshire companies to participate in India. During his visit, he has even openly admitted of being a late entrant to India, indicating that there could have been missed opportunities. Not willing to miss out on the country's potential in the future, Mr Buffett fielded questions from corporate leaders like Mr S. Gopalakrishnan, CEO and Managing Director, Infosys Technologies; Mr Vikram Kirloskar, Vice-Chairman, Toyota Kirloskar; Mr Raju, Managing Director, GMR Infrastructure, even as he urged them to pledge for philanthropy.

Time-bound clearance for new projects

India could soon be an easier place to do business. The government is set to launch a project that will not just provide entrepreneurs the opportunity to seek all clearances for starting business at the click of a mouse but is also going to guarantee approvals in a specified number of days. In all, around 35 approvals from authorities ranging from municipalities, state government agencies and the Centre are required to start a business. These could include registration under the Companies Act and the Shops & Establishment Act to registration for VAT and with the Income Tax authorities. Infosys, which was selected two years ago to execute the project, is expected to help the government roll out the project in Andhra Pradesh by the end of the year, Minister of State for Commerce & Industry Jyotiraditya Scindia told TOI. "This will be an additional window, especially for smaller companies and start-ups. All we are trying to do is put everything together without affecting the functioning of any of the agencies," Mr. Scindia said. Though the e-biz portal, which is being tested, would also deal with export and import related registrations, a separate platform for trade is being developed. While states such as Delhi had shown interest, Andhra seems to have stolen a march for the moment.

New FDI policy spells relief for private equity industry

In what comes as relief for the private equity

industry, the foreign direct investment (FDI) policy unveiled by the Department of Industrial Policy and Promotion (DIPP) brought out a clear picture on convertible instrument prices. DIPP highlighted that companies would henceforth have the option of prescribing a conversion formula, instead of specifying the price of convertible instruments. Last year's policy, which said the conversion ratio should be specified upfront, led to a delay in the flow of private equity deals, in which most of the prices of convertible instruments were decided during conversion, not upfront. Convertible instruments offer an investor the choice of whether or not to convert on a specified future date. The instruments include compulsory convertible preference shares (CCPS) and compulsory convertible debentures (CCDs). According to the DIPP circular, instead of specifying the price of convertible instruments upfront, companies will now have the option of prescribing a conversion formula, subject to the Foreign Exchange Management Act and Securities and Exchange Board of India guidelines on pricing. This would help the recipient companies obtain better valuations, based on their performance.

Foreign firms in JVs get full freedom

In a landmark decision, the Government has eased norms for investments by foreign companies that are present in India through a joint venture (JV) or a technical collaboration. Now, the foreign company will not have to seek a no-objection certificate from the Indian partner for investing in the sector where the joint venture operates. The government has also relaxed norms for downstream investments and convertible instruments, giving foreign companies more powers. The aim is to check a decline in foreign direct investment (FDI) inflows. The changes are part of the third revision of the Consolidated FDI Policy. The new norms came into force on 1 April, 2011.

Indian markets would do better than global indices'

Sixty one percent of Indian investors believe that the country would do better than global indices in 2011. According to a Franklin Templeton Global Investor Sentiment Survey, more than four out of five investors think that the Indian markets would outperform global peers over the course of this decade. Enthusiasm for global markets is also on the rise with half of the respondents planning to invest outside their home country in 2011, it said. Only

60% of global respondents think their own country's stock market will increase in 2011. The study found that only 33% of those interviewed believed that it would perform better compared with the rest of the world. This explains the growing preference to invest outside their home markets in the coming years. A majority of those in Asia and Latin America believe that the best investment opportunities over the next 10 years will be in emerging markets. European investors are almost evenly split with 53% looking to emerging markets, while in the US and Canada, only 37 % believe emerging markets are going to provide the best returns in the decade ahead. In all, 53% of Indian respondents said that mutual funds are best suited to meet long term goals such as retirement and children's education, the study said.

Mobile VAS to clock US \$ 12222.22 million in sales by 2015

Consulting firm PricewaterhouseCoopers said in a report that mobile value-added services would generate US \$ 12222.22 million in sales by 2015, more than double the US \$ 4000 million figure currently. The present student community will be the largest consumers of value-added services in the next four years, the study revealed. It also adds that the new generation of content users will demand more entertainment and utility-based services. As students become tomorrow's working class, capable of high income & high propensity to pay, they are likely to generate incremental revenue of US \$ 3261.55 million in 2015. The report emphasised that entertainment services such as live sports, music, regional language content and Bollywood movies would be adopted by masses because people were most willing to pay for entertainment services compared to all other categories of VAS. The survey which focused on 30 value services across entertainment, information, communication and

m-commerce pointed out that multilingual content, application support around languages, killer applications and readiness of handsets could drive in a very high quantum of revenues from VAS. Essential medical services on VAS could open up another opportunity after mobile banking for content creators and mobile operators. Medical advice VAS has the capability to allow the deprived sections of society to access quality medical advice at an affordable price. Issues related to ease of use and data privacy would have to be taken into consideration to make these services effective revenue streams, the report adds. The survey also highlighted how most Indian mobile operators would have to increasingly rely on VAS, which will drive up revenues. Mobile tariffs in India are one of the lowest in the world and hyper-competition will not allow them to rise in near future. These operators are adding more customers from rural India. However, minutes of usage per subscribers and ARPU, are falling quarter-on-quarter due to lower paying capacity and usage patterns.

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