



Textile Minister visits Switzerland

A 4-member delegation led by Hon'ble Minister of Textiles, Mr. Dayanidhi Maran, visited Switzerland from October 25-28, 2009. A strong business delegation from the Indian textile industry also accompanied the delegation. Hon'ble Minister visited textile industrial units Jacob Mueller Ltd, Machine Works Rieter Ltd and Weisbrod-Zuerrer Ltd, and Swiss Textile College in Zurich. On October 27, he made a luncheon presentation on "Recent Growth Trends in India's Economy Performing in Challenging Economic Times" hosted by Swiss-India Chamber of Commerce. He also addressed a Convention on "Collaborative Business Opportunities in Textile & Apparel Sector".

FII's put 422% more into construction in 6 months

Foreign Institutional Investors (FIIs) were shoring up investment in the country's construction sector. With the BSE Sensex touching a 15-month high, the market capitalisation of FII investment in construction has gone up a whopping 422% in the past six months. Till September 8, FIIs had registered a net investment of Rs 40,362 crore (US \$ 8408.75 million) in the domestic stock market. The total FII market cap in 13 leading sectors was Rs 4,45,313 crore (US \$ 92948.72 million). Along with construction, the market cap of FII investment in infrastructure and heavy engineering has also shot up, largely due to higher Government spending and leveraged investment by companies in these sectors. In heavy engineering, FII market cap has gone up 202% and in steel it was up 274% in the past six months. FIIs that had invested through

qualified institutional placements (QIPs), public offers and even buy-backs at cheaper rates have benefited from the market rally and analysts say there would be more participation as others would not like to be left out of the rally. Going by the current market rally, analysts said that the current FII holding of 16% in India's top 500 companies may go beyond the 19% peak in 2007. The late revival of monsoon, upward revision of economic growth from 5.8% to 6.1%, better-than-expected performance of companies in the quarter ended June 30, the new direct taxes code, which promises to put more money in the pocket of the tax payer, and the trade policy with an ambitious target of \$200 billion exports for 2010-11 have revived the confidence of FIIs investing in India.

Domestic consumption holds the key to India's turnaround

India's domestic consumer goods and services market is now close to half of China's in terms of sheer size, even though India's GDP is well below a third of China's — a tempting proposition for investors who continue to place their bets on the Indian domestic consumption story. According to an analysis by the McKinsey Global Institute, among the major economies in the Asia-Pacific region, India's private domestic consumption as share of GDP, at 57 per cent in 2008, was the highest. China, the world's fastest growing economy, had a much lower 37 per cent share, the data showed. Considering that India's GDP, on a nominal basis, was recorded at around \$1.209 trillion in 2008 against China's \$4.4 trillion, the private domestic consumption estimates for India works out to around 45 per cent of China's on the basis of the McKinsey data.

Significantly, the data also show that India's private domestic consumption as a share of GDP was higher than a number of developed economies including Japan, Germany, Singapore and South Korea. A higher private consumption-to-GDP ratio shows that domestic consumption of goods and services was a major contributor towards real GDP. In India, domestic consumption is one of the key reasons why the economy was able to register the current level of growth, a good enough attraction for both domestic and overseas investors. India — Asia's third-largest economy — is being viewed as a key contributor to a resurgent Asia fuelling overall demand in the context of riding out the global downturn. On current trends, Asia is widely touted to take up the mantle from the US as the "world's consumer of last resort", with India leading the charge.

FDI rises 56% in July

According to the Commerce and Industry Minister, Mr Anand Sharma Foreign direct investment inflow to India was \$3.5 billion in July, 56 per cent higher than \$2.25 billion in the same month a year ago. The figure represents an increase of 36 per cent over June 2009, which, in turn, was an increase of 23 per cent over the equity inflows received in May 2009. He added that despite the current economic situation, Foreign Direct Investment (FDI) equity inflows amounting to \$10.532 billion were received during April-July 2009, in comparison to \$12.3 received in April-July 2008. The sectors that attracted strong FDI inflows included services at \$1.86 billion, housing and real estate at \$1.18 billion and construction activities \$0.68 billion among others. During April-June, Mauritius, the US, Cyprus, Japan and Singapore were the major investor countries, with the island nation investing \$3.37 billion in India.

Forex up \$4.4 bn, 10-yr paper touches 10.5%

The India's foreign exchange reserves for the week ending on 28 August 2009 rose massively by \$4.4 billion to \$276.4 billion. According to weekly statistical statement released by RBI, while foreign currency assets dropped by \$415 million to \$260.5 billion, gold reserves were held at \$9.67 billion. Special drawing rights with the IMF increased by \$4.8 billion to \$4.82 billion and reserves with the IMF fell by \$1 million to \$1.35 billion. Foreign exchange reserves slid \$18.9 billion in the past year, the RBI said.

PM showcases Cairn success to invite foreign investments

The Prime Minister, Dr. Manmohan Singh, turned the tap on for the crude to flow from the Rajasthan oil fields of Cairn India-ONGC in Barmer and dedicated the Mangala oil field to the nation. He stated that Cairn's efforts had shown that there was a good climate for bringing foreign investment into India. He invited entrepreneurs to invest in India.

Pharma exports up by 29% in 2008-09 Anand Sharma addresses Indo-Africa pharma business meet

While addressing the Indo-Africa Pharma Business Meet in Hyderabad, Mr. Anand Sharma, Union Minister of Commerce and Industry, has stated that the exports of drugs, pharmaceuticals and fine chemicals for the year 2008-09 stood at Rs.39,538 crore (around US \$ 9.35 billion), registering a growth of about 29% over the last year. Recognizing the contribution of Indian pharmaceutical industry in exports of the country, Mr. Anand Sharma informed that in the recently announced Foreign Trade Policy, several benefits have been extended to the industry. The 3-day (25-27 September, 2009) Meet was attended by Drug Regulatory Authorities from African countries, viz., South Africa,

Kenya, Nigeria, Ghana, Zambia and Uganda along with the Health Minister of Kenya and DG-NAFDAC, Nigeria.

India, China growth driving global economic revival

Global investment firm, Moody's, stated that driven by renewed growth in India and China, the world economy was beginning to recover from the one of the worst economic downturns in decades. India and China, which are two of the world's fastest growing economies despite the global slowdown, have led the growth. The Chinese GDP has risen by 7.9 per cent while that of India has grown by 6.1 per cent in the April-June 2009-10 period. Moody's has now revised India's growth forecast to 6.4 per cent for the current fiscal on September 3, 2009. Economies in the European, North American and Latin American regions too are beginning to bottom out.

Industrial output grows 7 per cent in July 2009

While announcing the new foreign trade policy on August 27, 2009, Union Commerce and Industry Minister, Mr. Anand Sharma said that industrial output, as measured by the Index of Industrial Production (IIP), grew 7 per cent in July 2009, the same as in July 2008. Mr. Sharma attributed the 7 per cent growth to fiscal and monetary measures by the Government and the Reserve Bank of India (RBI). He underlined that these measures have had a salutary effect on the Indian economy. He further added that moderated and better factory productions have been major factors that have led to growth in IIP, reviving hopes of economic recovery. The IIP numbers have also shown growth owing to the double-digit growth in two-wheeler and car segments and consumer goods production. While industry data for July was buoyant, with two-wheelers up 18.2 per cent, cars up 29.1 per cent, commercial vehicle up 5.1 per cent, it is

expected the July IIP would come lower at 5 per cent levels versus the surprisingly high 7.8 per cent reading in June. Overall consumer goods production rose 3.8 per cent in June 2009, driven by a 15.5 per cent expansion in consumer durables output.

India to turn world's third largest steel producer this year

Going by the production of steel in the country so far this year, India is on its way to becoming the third largest steel producer in the world. With an output of 55 million tonne (mt) last year, the country was ranked fifth in the world after China (501 mt), Japan (119 mt), United States (91 mt) and Russia (69 mt). Germany, Ukraine and Brazil followed India at the sixth, seventh and eighth positions, respectively. India, which had earlier set itself the target of becoming the world's third largest steel producer by 2013, is also aiming to produce 124 mt of steel by 2011-12.

SEBI amends takeover norms, offers anchor investor facility to IDR issues

Capital market regulator Securities and Exchange Board of India (SEBI) amended the takeover regulations and offered the facility of anchor investors to Indian Depository Receipts issues. This will raise the attractiveness of the issues meant to attract foreign companies to invest in Indian equities market. An anchor investor gives smaller investors' confidence that the shares will be actively traded in the market. The board of the regulator also decided that at least 30% of issue size of such issues will be reserved for allocation to retail individual investors, who may otherwise be crowded out. On takeover regulations, SEBI has clarified that the creeping acquisition route of 5% would be available subject to the condition that post-acquisition, the shareholding / voting rights of the acquirer (together

with persons acting in concert with him), shall not increase beyond 55%. The measures are meant to streamline the takeover process. Under SEBI rules, takeover process begins once someone gets at least a 15% stake in the target company. It also clarified in respect of ADR/GDR holders, stating that those who are entitled to exercise voting rights have to make an open offer upon crossing the threshold limit of 15%. At present, depositories cast votes on behalf of ADR/GRD holders, which is mostly in line with the company's decision. A SEBI release said that in tune with the market developments, the board has decided to amend the Takeover Regulations, where the ADR/GDR holders are entitled to exercise voting rights on the shares underlying GDR/ADR by virtue of clauses in the depository agreement or otherwise open offer obligations shall be triggered upon crossing the threshold limit. The SEBI board has also decided to extend the facility of anchor investors to the issue of Indian depository receipts (IDRs) on similar terms applicable to the public issues made by domestic companies. The board also decided to reserve 30% of the IDR issue size for retail individual investors. In order to protect the interest of shareholders, SEBI has made it mandatory for all listed companies, which go for corporate restructuring, to disclose their accounting statement to the stock exchanges in line with the applicable accounting standards. The regulator has also increased the threshold limit of total holding for disclosures on acquisition or divestment of up to 2% from current 15%-55% to 15%-75%.

Government approves 13 FDI proposals worth US\$ 81.9 million

The Government has approved 13 Foreign Direct Investment (FDI) proposals worth US\$ 81.9 million based on the recommendations of the Foreign Investment Promotion Board (FIPB). The

Government has cleared the proposal of Essel Group-promoted Dish TV India, aimed at bringing in foreign inflows of US\$ 50.7 million. Further, Sterlite Technologies' plan to issue and allot warrants valued at US\$ 21.64 million on preferential basis has also been granted. TM International's US\$ 8.33 million proposal to issue shares against consideration other than cash and Kludirak India's plan to set up a joint venture to enter the cash-and-carry trading segment were also approved. Other approved proposals were those of Sistema Shyam TeleServices, General Motors Acceptance Corp, S&S Media (India) Enterprises of Bangalore, Taneja Aerospace, Ramboll Singapore Pte, Kludirak India, InfxQ Knowledge Services, L occitane Singapore, Strata Geosystems and Devas Multimedia.

Europe looking at Indian mkts for further growth

Moselle Development Council Vice-president Claude Bitte, which is part of France and connecting Germany, Northern Italy, France, Belgium said that if it was "focus China" in 2006, it is time now for the European companies to shift their focus towards India to not only overcome the current crisis but to exploit it for their future growth. There is no growth in the European markets and the companies in the region are seriously looking out Asian markets for future growth. Given the huge opportunities particularly in the infrastructure and transportation sectors in India, European companies have shifted their focus towards India and seek to play a major role in the Indian market. Towards this move, France will be conducting a three-day exclusive business (B2B) event on Euro India Transport Systems (EITS), the first ever and largest one to be held at Moselle (eastern France). Over 1,200 companies from European countries and 300 companies from India are expected to attend the event to explore business opportunities in the

areas such as automotive, aeronautics and aerospace, rail, truck/bus, ship building, transport and logistics industries. Companies such as Airbus, Bombardier, Alstom, Corus Rail (Tata Group Co), ArcelorMittal among global majors and a host of SMEs are looking at Indian partners to explore markets in a big way. These companies seek to either set up manufacturing plants on their own or joint ventures apart from looking at outsourcing components, products and parts and giving sub-contracting jobs to Indian companies. EITS is the largest event dedicated to the transportation industry, being organised by Moselle General Council in associations with respective governments. The event is purely business oriented and will have pre-arranged, one-to-one business meetings with Indian and European companies. Companies such as tyre major Michelin and Cryolor Air Liquid have proposals to set up plants in Chennai with huge investments. There are number of companies including Airbus, Bombardier and Alstom have proposals to either directly enter the country or roping in local partners to jointly manufacture components for aircraft, rail etc. Not only they want to do business in India for the market but also exporting to neighbouring countries making India as hub. Transportation holds major share out of the euro 70 billion bilateral trade between India and European countries, which is expected to touch euro 160 billion by 2015. This event would provide a fillip to the growing demand for transportation network in India, he added.

India speeds past China in auto exports

India is rolling it out faster when it comes to automobile exports. India exported a total of 2,30,000 cars, vans, SUVs and trucks between January and July 2009, a growth of 18% even as China's exports tumbled 60% in the same period to 1,65,000 units. The

Indian domestic market may be just 19% of China's — which has overtaken the US to become the world's largest — but the 'Made In India' tag, especially on small cars, has clearly acquired a global cachet, helping auto exports grow even as other countries suffered a slump. Industry experts pointed out that India scores due to its liberal investment policies and high quality manufacturing which stems from its growing prowess in research and development. India's biggest advantages is its edge in small cars and the way companies — including global giants — are using the market for selling, as well as developing, new compact models. India itself presents a big opportunity in small cars given their big-volume status in the domestic market. But the global recession and incentives offered for fuel-efficient low-emission vehicles in big markets like Europe and the US have also made India a focal point for companies. Low labour costs and especially-tailored lower manufacturing tax (8% excise duty) make small car manufacturing in India a highly-competitive option which more and more companies were padding up for — Suzuki, Hyundai, Nissan, General Motors, Toyota, to name a few.

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