



## **Govt will go all-out to get back to 9% growth: PM**

While delivering this year's Independence Day speech, Prime Minister, Dr Manmohan Singh said that the Government would take every possible step to restore annual economic growth to nine per cent. He emphasized that restoring our growth rate to nine per cent was the greatest challenge faced by the country. He added that the Government would make every necessary effort to meet this challenge — whether by increasing capital flows into the country, or by encouraging exports or increasing public investment and expenditure.

## **Indian per capita income rises by US \$ 86.78 in 2008-09**

According to Central Statistical Organisation data, per capita income of Indian individuals stood at US \$ 773.54 in 2008-09. The per capita income in India stood at US\$ 687.03 in 2007-08 and has risen by over one-third from US \$ 536.79 in 2005-06 to US\$ 773.54 in 2008-09. The growth in real Gross Domestic Product (GDP) at factor cost stood at 6.7 per cent in 2008-09. While the sector-wise growth of GDP in agriculture, forestry and fishing was at 1.6 per cent in 2008-09, industry witnessed growth to 3.9 per cent of the GDP in 2008-09.

## **M&As, private equity deals surge in July**

Mergers and Acquisitions (M&As) and private equity deals showed heightened activity in July, with both reporting significant surges as against the corresponding period last year. According to independent analysts, this may further strengthen the country's growth story.

M&A values reported during the month were close to a billion dollar, while private equity deals reported a quantum rise in investments to nearly US \$2 billion during the month, primarily owing to several QIPs (qualified institutional placements) that closed in July this year. Significantly, QIPs constituted over 90% of the PE investments. With several more QIPs in the pipeline, analysts expect to see sustained level of PE investments during the next few months. There were eight inbound deals in July, mopping up US \$934.39 million as against seven in the corresponding period last year, totalling US \$124 million. Overall M&A deals added up to 35, notching up over US \$982 million as against 44 deals in the same period last year with a value of US \$637.23 million, according to consulting firm Grant Thornton. Amongst the largest cross-border inbound deal was of pharma major Sanofi Pasteur buying nearly 80% in Shantha Biotechnics for US \$665 million. The total M&A deals registered during the first seven months of this year stand at 158 with a value of US \$5.91 billion, against 313 deals amounting to US \$16.73 billion during the corresponding period in 2008. While PE deals stand at 114, totalling a value of US \$4.89 billion. As against this, there were 214 deals amounting to US \$7.58 billion during same period in 2008.

## **Government clears FDI proposals worth US\$ 229.67 million**

The Government has cleared 10 foreign direct investment (FDI) proposals which will bring in US\$ 229.67 million. The largest FDI of US\$ 153.31 million will be brought in by Essel Group-promoted DTH service provider, Dish TV India through issue of foreign currency convertible bonds. The Government has also ap-

proved K.S. Oils' proposal for issuance and allotment of warrants for a sum of US\$ 20.03 million.

### **Indian economy set for positive growth in 2010: S&P**

The turbulence in the global economy and its financial markets during the last year or so has brought home to all of us that were witnessing a shift in the economic world order, from being G-8 focused to, increasingly, the more inclusive and relevant G-20. As signs of stabilization and even a turnaround have begun to manifest, Standard & Poor's Asia-Pacific chief economist, Subir Gokarn, presented a mid-year review of the Indian economy. He observed that India would remain in positive growth territory throughout this global recession and financial turmoil. To explain this he added that domestic policy responses, both monetary and fiscal, appeared to have played a significant role in shoring up domestic demand in an environment of drastically reduced exports. India's GDP growth was forecast at 5.8-6.3 per cent in 2009 and 6.8-7.3 per cent in 2010. He further stated that GDP would be driven by the Indian economy's very strong domestic consumption, which had been held up by stable rural demand and the recent hike in public sector salaries. A review of the last two quarters shows that the expansionary domestic policies and relatively limited financial integration significantly helped India to sustain positive growth in the first quarter. India discarded its fiscal consolidation targets and rapidly increased spending to bolster domestic industry, infrastructure, and construction and propel domestic consumption.

### **MF assets reach a new high at Rs 7.2 trillion**

The mutual fund industry's assets under management (AUM) reached a new peak at the end of July by crossing the Rs 7.2 trillion mark for the first time ever to

reach Rs 7.2 trillion. This translated into a healthy growth of 24% over the previous month. Both debt and equity categories saw fresh inflows on the back of positive returns across categories except in the gilt segment. Equity markets saw positive movement with the S&P CNX Nifty giving 8% returns in July aided by an upward movement in global market and better-than-expected corporate earnings. Rising FII inflows helped provide good liquidity to the equity markets as they bought secondary market equities worth Rs 116 billion in July compared to Rs 32 billion in June. The rally during the month was also broad-based with mid- and small-cap indices gaining 10% and 8%, respectively. Mutual funds saw the second highest net inflows of 2009 in July at Rs 1.2 trillion (the highest being in April 2009 at Rs 1.5 trillion). The year so far has seen five months of net inflows and only two months of net outflows, i.e., in March and June, primarily on account of advance tax and quarter end capital adequacy-related balance sheet requirements of banks. A key feature in this trend is that the months following the quarter ending (March and June) have seen large inflows, which indicate that outflows witnessed were of a very short-term nature. Equity funds also saw substantial net inflows of Rs 42 billion in July, almost half the net inflows in the category for year 2009 so far. For the fourth consecutive month gilt funds witnessed net outflows to the tune of Rs 11 billion. **(US \$ 1/- is = Rs. 48/-)**

### **FII inflow tops US \$ 8 bn in 2009**

Foreign Institutional Investors' (FIIs) net investments in Indian equities crossed US \$8 billion in calendar 2009 with foreigners buying stocks worth US \$ 274 million. At the end of July, net inflows from FIIs stood at US\$ 7.3 billion and it took another 20 trading sessions before net inflows crossed the US \$ 8 billion mark, the first time in this year. The benchmark index Sensex has risen 65% till 31.8. 2009.

### **SEZs exports up 25% in Q1**

Bucking the trend, exports from special economic zones (SEZs) increased by over 25% in three months ended June 2009, even as overseas sale of Indian goods remained in the negative territory during the period. Briefing the Board of Approval (BoA) on SEZs, Commerce Secretary Rahul Khullar said that between April and June this year, exports from 98 functional SEZs stood at Rs 39,410 crore (US \$ 8210.41 million). The BoA gave its in-principal approval to India's largest solar energy-based SEZ. The 101-hectare zone will be built by Lanco Solar Pvt Ltd in Ramdasapur near Cuttak, Orissa. The board also formally approved two other SEZs which have completed land acquisition formalities. They are Brooke Bond Real Estates Pvt Ltd, Bangalore, and Karnataka State Electronics Development Corporation Ltd in Shimoga, Karnataka. Overall merchandise exports from India in the three month period under review contracted 25.7% and stood at Rs 2,48,171 crore (US \$ 51702.29 million), as demand for goods in traditional overseas markets in the United States and Europe weakened. In fact, exports saw contraction for nine consecutive months ended June 2009.

### **Agri export to double in 5 yrs: APEDA**

According to Mr. Asit Tripathy, Chairman, Agricultural and Processed Food Products Export Development Authority (APEDA), India's agri-export turnover was expected to double in the next 5 years. Agri-export turnover would rise to nearly US \$18 billion by 2014 from the current figure of US \$ 9 billion. Despite recession, the country's agri-exports have registered a 25% growth in 2008-09. On 'farming for export', a concept where farmers shift gear from livelihood farming to market-oriented agriculture and international trade, Mr. Tripathy said that APEDA supports 'farming for export' concept since it is the best option to en-

sure better quality of food across the globe. Food safety is a major cause of concern in Europe, Japan and the US market and this method will boost export.

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