



# INDIA NEWS

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## **State visit of the President of India to Switzerland from September 30-October 4, 2011**

At the invitation of President of the Swiss Confederation, Mrs. Micheline Calmy-Rey, Hon'ble President of India, Mrs. Pratibha Devisingh Patil paid a State Visit to Switzerland from September 30-October 4, 2011. She was accompanied by her husband, Dr. Devisingh Ramsingh Shekhawat. and a 17-member official delegation. During the visit, the President had wide-ranging discussions with the Swiss President and other members of the Federal Council (Swiss Cabinet). A Memorandum of Understanding on Financial Dialogue was signed on October 3, 2011. It will provide a general framework to facilitate interaction on macroeconomic and financial issues, and help strengthening of the financial and economic relationship between India and Switzerland. During her stay, Hon'ble President also paid homage to the Father of the Nation, Mahatma Gandhi on 2nd October at his statue in Geneva. A business delegation representing FICCI, ASSOCHAM and CII accompanied Hon'ble President and met with their Swiss counterpart at a Joint Business Forum held at Hotel Bellevue Palace in Berne on 4 October, 2011. The Hon'ble President inaugurated the Joint Business Forum Meeting. Mrs. Patil unveiled a bust of Gurudev Rabindranath Tagore at the University of Lausanne on October 4, 2011 and witnessed the signing of a MoU to set up a "Tagore Chair" on Indian Studies between the University and the Indian Council for Cultural Relations. The MoU will bring together scholars as well as students from both countries contributing to a better understanding between our two peoples. Ambassador of India to Switzerland, Ms Chitra Narayanan

hosted a Reception at Geneva in the honour of Hon'ble President. A large number of prominent members of the Indian community attended the Reception. On this occasion, Hon'ble President addressed the audience. The Presidential visit consolidated the existing close and multifaceted relations between the two countries. The Swiss President Mrs. Micheline Calmy-Rey had paid a State Visit to India in November, 2007.

## **Core sector industries grow fastest in 15 months at 7.8 per cent**

The output of eight infrastructure industries rose at its fastest pace in 15 months in July, raising hopes of a robust industrial performance during the month. The index for eight core sector industries - crude oil, petroleum refinery products, coal, electricity, cement, steel, fertilizers and natural gas - rose 7.8% compared to 5.7% in July last year. The spectacular performance was led by steel, electricity and cement industries, with the three growing at 10% plus. The eight segments had a combined weight of 37.9% in the index of industrial production, or IIP, and their performance was considered a good lead indicator of industrial activity. The data indicated that the construction sector may have picked up pace. Steel grew by 15.5% in July compared to a contraction of 2.9% in the year-ago period. Cement production expanded by 10.6% compared to a compression of 0.2% last year. Electricity production continued its uptrend, growing by 13% compared to 4.2% last year.

## **Forex reserves touch all-time high at \$321 bn**

India's foreign exchange reserves

reached an all-time high of \$321 billion, up by \$1.6 billion for the week ending on September 2, 2011. The increase was on account of an increase in the gold reserves by \$3 billion. According to the Reserve Bank of India, gold reserves stood at \$28 billion for the reporting period. The previous high was reached in the week ended July 29, when the reserves touched \$319 billion. According to analysts, a significant increase in the gold reserves was an indication that the central bank may be holding on to more gold, which is considered a safe haven in uncertain market conditions.

### **India to become world's third-largest economy by end of 2011**

According to the domestic purchasing power of the Rupee, also called Purchasing Power Parity (PPP), India was expected to overtake Japan to become the world's [third largest economy](#) in 2011 in terms of Gross Domestic Product (GDP) measured.

In 2010, the Japanese economy was worth US\$ 4.31 trillion, while India trailed close at US\$ 4.06 trillion. The International Monetary Fund's (IMF) estimates that the Japanese economy would contract by 0.7 per cent in 2011 while the Indian economy would grow at 8.2 per cent. It is estimated that the Indian economy will reach a size of almost US\$ 5 trillion by the end of 2011. Countries from all over the world now consider India to be a fast growing economy with great opportunities. The benefit of having a bigger economy gives the government more bargaining power and clout abroad. India has the advantage of size. The scope of growth and excess capacity present in terms of resources would drive growth in the future, said Madan Sabnavis, Chief Economist at ratings firm Credit Analysis & Research Ltd (CARE).

### **India has the potential to emerge among the top five economies in the world for electronic payments**

According to study by a global player in the industry, India has the potential emerge among the top five economies in the world for electronic payments and transactions. The study noted that in the emerging BRIC (Brazil, Russia, India and China) markets, cash remains king; but in India the tide was turning as consumers increasingly conduct electronic payment transactions with either plastic cards or, to a lesser degree, mobile phone-based applications. Electronic card transactions - debit, credit and prepaid - were growing at double-digit rates with debit cards' compounded annual 45.5% driving the growth. This market trend was being driven by a population of more than 1.2 billion, 350-400 million of which were part of the burgeoning middle class. This key demographic, growing annually at 5%, was developing a strong appetite for consumer goods that can be supported through access to basic banking services provided by domestic and foreign financial institutions.

### **Sovereign, pension funds plan to boost India exposure**

The Abu Dhabi Investment Authority (ADIA), the world's largest sovereign fund with assets under management of \$627 billion, has set up a new "Active India" portfolio in its Internal Equities department to scale up investments in India. This was part of a broader trend among sovereign wealth funds and multilateral investors looking to up their India exposure, amid worsening signs of Euro zone debt worries and a wobbly US recovery. ADIA's India portfolio was one of two new portfolios floated by the fund, the other being for Latin America. With this, the sovereign fund hoped to commence the build-out of teams under experienced fund managers to tap investment avenues. IFC, the World Bank's private equity arm, too

has stepped up its India play. Three of the five investments announced by it since March this year in the South Asian region were in India. This includes an equity investment of about \$45 million in Kolkata-based NBFC Magma Fincorp Ltd as well as funding for Hyderabad-based specialty chemicals manufacturer Vivimed Labs Ltd and Simran Wind Project Private Ltd. The \$236-billion California Public Employees' Retirement System, the largest public pension fund in US, too was keen on the domestic infrastructure sector. They were exploring some areas in infrastructure. CalPERS' current allocation to Asia stood at around 9 per cent. Of the total \$21.7 billion it has invested in the region, \$5.3 billion was in China and \$1.9 billion in India. According to industry players, Singapore-based Temasek Holdings too was keen on India, after having taken an exposure in GMR Energy and the National Stock Exchange. Dutch pension fund asset manager PGGM, Norway's Government Pension Fund (Global) and Denmark's LD Pensions were among the global pension funds looking at India. PGGM, the \$96 billion Dutch pension fund asset manager, had earlier announced a cornerstone investment of up to \$60 million in a global microfinance equity fund in India.

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