

Monthly Economic Analysis

Fortune 2010

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Recent Trends in Indian Economy

Industrial Production

Country's GDP growth in the third quarter of 2009-10 stood at 6.0 percent as against the growth of 6.2 percent registered in the same quarter of the previous year. The GDP growth for the whole fiscal 2009-10 was estimated to be 7.2 percent compared with the growth of 6.8 percent attained in 2007-08.

Recent the IIP numbers also show improvement in the economic situation. For the period of eleven months, i.e. from April to February of 2009-10 the production grew at 10 percent, this growth was much higher than the growth attained in the previous year.

At the disaggregated level we have seen growth coming from all the sectors of the industry, the manufacturing, mining and electricity, in the month of February 2010 and also during the period from April to February 2009-10. Growth numbers remained robust for the items as per the use-based classification (basic, intermediate and capital). Consumer goods also recorded a high growth of 7.1 percent during the 11-month period mainly on account of high growth in the consumer durables category that registered growth rate of 25 percent. Fourteen of the seventeen industry sectors saw positive growth during the month of February 2010 compared to the growth number in the previous year.

Core Infrastructure

Growth in the six core infrastructure industries went up from 2.9 percent during the period from April to February 2008-09 to 5.3 percent during the same period of this fiscal. Growth during the period was mainly contributed by four sectors namely, cement, coal, power and finished steel.

Inflation

Inflation numbers are observed to rise again. in February 2010 the overall inflation averaged at 9.9 percent compared to the inflation of 3.5 percent seen in the previous year. This rise in price index is on account of dearer food articles and fuel products.

Monetary Indicators

The broad money supply continues to perform satisfactorily in the recent months as it grows at 13.7 percent from April to February 2009-10. While comparing with the previous year's growth numbers, the current growth rate was seen lower.

The aggregate deposits expanded by 13.8 percent over the period April-February of 2009-10. This expansion in aggregate deposits, however, was considerably higher at around 16.8 percent during the same period of previous year 2008-09.

The disbursal of bank credit secured an increase of 11.3 percent over the period April-February in 2009-10. Nevertheless, this escalation of credit disbursal in current year revealed a relative decline. It is compared with the growth rate of 13 percent secured during the same period of previous year.

Stock Market Trends

The Indian stock market rises again, responding to the recent improvement in the economic situation. The BSE- Sensex rose from 8 K points in early 2009 to 17 K points in end of 2009. During the last quarter of 2009 the BSE – Sensex was seen to maintain the 16-17 K level.

Fiscal Trends

There has been an increase of 24 percent in the fiscal deficit during this period (April-February) of the current fiscal as the level of fiscal deficit has stepped up from Rs 307133 crores during the period April to February in 2008-09 to Rs 380901 crores in 2009-10.

Growth in the gross tax revenue continued to remain in the negative quadrant during the month of February 2010. The slide in the total tax collection is mainly on account of weak collection made in the indirect tax category. Increase in collections were seen only coming from direct tax sources.

Foreign Trade

India's trade is observed to recover from the depression, which existed up to the later half of 2009. In the end of 2009 the exporters again reported to get orders in good numbers. The data from November 2009 was also seen to substantiate the same. In February 2010, exports rose by 34.0 percent as against the rise of 23.0 percent in February, previous year.

Foreign Investments

The inflow of foreign investments during the April- February period of 2010 was USD 33 billion which was only a billion and half USD higher than the investments made in the previous year.

Foreign Exchange Reserves

Country's reserves was witnessed to drop to USD 250 bn level in early 2009 on account of drop in the foreign investments and now with the increase in the net capital account which includes the foreign investment, ECBs etc we see forex reserves rise to USD 270 bn .

Exchange Rate

Indian Rupee in February – March 2010 traded between 45- 46 vis-à-vis the USD , the level in May 2009 was Rs 49-50. This sharp appreciation in Indian Rupee is an obvious cause of concern for the Indian exporters.

Lead Stories of the Month

S&P ups India outlook to stable from negative

Standard & Poor's (S&P) Ratings Services said that it revised the outlook on India to stable from negative. At the same time, we affirmed the 'BBB-' long-term and 'A-3' short-term sovereign credit ratings on India.

The revision in outlook reflects our view that India's fiscal position could now begin to recover and that its economy will remain on a strong growth path. The government budget targets a general government (including central and state governments) deficit of 8.3 per cent in the fiscal year ending March 31, 2011, from 9.8 per cent in the previous fiscal year.

The government intends to follow the medium-term fiscal consolidation plan outlined by the 13th Finance Commission. The Commission recommended that general government deficit be reduced to 5.4 per cent of GDP and the ratio of general government debt to GDP be lowered to 68 per cent of GDP by the fiscal year ending 2015. The government's decision, in February 2010, to change its fertilizer policy to implement a nutrient-based pricing policy and to raise urea prices by 10 per cent from April 2010 is a step forward for the reduction of subsidies. The budget also announced an average increase in the prices of domestic petroleum and diesel of 6.0 per cent and 7.8 per cent, respectively.

"We expect India's GDP growth to be 8.0 per cent in fiscal year ending March 31, 2011, which is higher than many other countries' and exceeds our previous expectation," said S&P's Credit Analyst Takahira Ogawa. In addition, S&P's views India's external position as resilient. We expect the country's ratio of gross external financing need to current account receipts plus international reserves to remain stable at 77 per cent in fiscal 2010.

However, the ratings continue to be constrained by the high government debt burden and deficit, and India's weak fiscal profile. The consolidated debt of India's central and state (general) governments is estimated at 80 per cent of GDP (by our definition) in the current fiscal year, while interest payments are likely to consume about 27 per cent of general government revenue.

"In our opinion, the recent high inflation rate could also derail the stable macroeconomic and interest rate environments," said Ogawa. The Wholesale Price Index (WPI), India's most widely used inflation index, increased by 10 per cent in February 2010, mainly because of the rise in food prices. The stable outlook reflects our view that India's fiscal consolidation at the central, state, and public enterprise levels over the next several years will likely restore the government's policy flexibility, and keep credit fundamentals commensurate with the 'BBB-' rating. S&P will continue to monitor the government's measures to rein in public finances.

The sovereign ratings on India could be raised, if the government continues to reduce the public sector's deficits materially. Conversely, if the government continues its loose fiscal policy or there are policy setbacks on monetary, financial, and economic fronts that lower India's medium-term growth prospects could result in a downward pressure on the ratings.

India fought global crisis better than others, says Economist; sees GDP at 7.5% this fiscal

India has weathered the global economic crisis better than other countries and the country's GDP is predicted to rise to 7.7% in 2010-11 and 8% in 2011-12 on the back of relatively young demography and strong economic fundamentals.

Presenting the economic forecast, Economist Intelligence Unit says India will be the ninth fastest growing economy in the world and the second fastest growing major economy this year. It further says that India will overtake China as the fastest-growing major economy by 2018. The Middle Kingdom's growth rate will moderate as its economy develops and not because India's growth rate is likely to break into double digit. Over a longer time frame, India will sustain an average annual growth rate of 6.4% to 2030.

Anjalika Bardalai, EIU's senior analysts for South Asia says that continued strong domestic consumption, spurred by rising incomes and a rising middle class will be the primary drivers of India's growth. "High savings rates (32.5% of GDP) and investment levels (34.9% of GDP) will support India's continued economic acceleration, but we must be aware of the risks to the country's macroeconomic stability, including high inflation," she underlines.

Given the recent global financial crisis and the worst monsoon in nearly a quarter of a century, Bardalai says India's economy has demonstrated resilience and has in fact fared much better than other countries in the world.

Exports up 11.5% in Jan, 3rd mth in row

Exports from India continued to rise steadily for the third consecutive month in January touching \$14.34 billion, an 11.5% growth from the \$12.86 billion recorded a year ago. In rupee terms, the growth was 4.9% in January from a year ago, said the commerce ministry.

In ten months from April-2009 to January-2010, exports stood at \$131.93 billion which showed a 17.8% decline in dollar terms from the same period a year ago due to the fall in exports in the initial months of the current fiscal. In rupee terms, the decline was 12.1%, the statement said.

Exports were hit badly by the slump in global demand in key western markets and were on a slide for 13 months since October 2008. The trend was reversed in November 2009 as exports grew 18.2%. In December the rise was 9.3%.

With economic activity on the rise and consequently the imports, the country's trade deficit almost doubled to \$10.36 billion for the month under review from \$ 5.3 billion in January 2009.

Imports clocked a positive growth for the second straight month after failing for 11 months in a row since December 2008. Inward shipments rose by 35.5% to \$24.70 billion in January from \$18.22 billion in the same period last year. Analysts said the rising trend of the past three months shows that the worst for India's exports is over. The government officials said fruits and vegetables, marine products and tobacco did exceedingly well in January while tea, coffee, gems & jewellery, drugs and plastics also improved.

However, engineering goods, textiles, jute, carpets, handicrafts and leather continued to fare badly.

"The figures are clearly reflecting that the exports are coming on the track," FIEO president A Sakthivel said. Oil imports in January went up by 56% to \$7.05 billion from \$4.52 billion the same month last year. Non-oil imports grew by 28.8% to \$17.65 billion compared with \$13.7 billion in January 2009.

Manufacturing leads industrial output growth to 16.7%

Index of Industrial Production (IIP) data showed a marginal deceleration from the previous month but continued to post a robust growth rate of 16.7 per cent in January. The growth was primarily led by the manufacturing sector, especially for capital goods and consumer durables.

The growth rate was 17.6 per cent, revised upwards from 16.8 per cent, for December 2009 and was at 1 per cent during the corresponding month in 2008.

The manufacturing sector grew at a robust rate of 17.9 per cent in January as against a meagre growth of 1 per cent in the corresponding month last year. Mining and electricity also registered significant growth rates of 14.6 per cent and 5.6 per cent respectively during the month under consideration, as against 1.8 per cent and 0.7 per cent in January 2009.

Finance Minister Pranab Mukherjee said the current trend in IIP is encouraging and would allow the economy to achieve a GDP growth rate of 7.2 per cent in the current financial year. Addressing the Lok Sabha later in the day, the finance minister said the annual IIP growth figure was 9.6 per cent which was close to double digits . "It shows that growth is not merely government-expenditure-driven but manufacturing is also contributing."

He pointed out that the IIP figure had crossed “the 10 per cent barrier for the fifth consecutive month and transcended 15 per cent” for the second month. “Perhaps it indicates that the manufacturing sector is going to make a substantial contribution to growth and the economy is on the path of fast recovery...Being a conservative person, I would like to wait for another month’s figure,” Mukherjee said earlier in the day. The growth rate was in line with the expectations of most experts who had stated that even as the figures are becoming broad based, growth is still being guided by government stimulus measures.

“Industrial production decelerated slightly in January but remained at an above trend rate...production of capital goods has surged which along with rising business sentiment and loan demand points to a rebound in investment spending,” said Nikhilesh Bhattacharyya, associate economist, Moody’s economy.com.

Given a robust industrial growth rate which has been in double digits for four consecutive months and a high inflation rate, analysts expect monetary tightening measures in the fourth quarter monetary policy review on 20 April 2010.

“As the industrial growth has picked up, concerns regarding growth have been taken care of. We expect around a 25 basis point increase in policy rates (repo and reverse repo) and an increase of 25 basis points in the cash reserve ratio (CRR) in the April monetary policy review,” said Jyotinder Kaur, economist, HDFC.

Moreover, economists were apprehensive about the sustainability of the high growth rate and said that industrial growth might moderate by 7.5 -8 per cent in the next fiscal.

The growth rate of capital goods accelerated to 56.19 per cent in January from 15.9 per cent in the corresponding period last year. Production of basic and intermediate goods also registered robust growth rates of 10.7 per cent and 21.29 per cent respectively against declines of 0.7 per cent and 7.2 per cent last year. Growth rates in all the three categories in January were higher than the December figures.

Consumer durables continued to grow at a robust rate of 31.6 per cent in January as against a nominal growth of 2.1 per cent same time last year. Consumer non durables, however, fell 3.1 per cent against a growth of 4 per cent last year.

India's GDP will be around 8.2 percent in 2010-11-PMEAC

India's gross domestic product (GDP) would be around 8.2 percent next fiscal, Chairman of the Prime Minister's Economic Advisory Council C. Rangarajan said.

"In the current fiscal (2009-10) we would clock 7.2 percent GDP and 8.2 percent in the next fiscal (2010-11)," he said, addressing a conference organised by the Calcutta Chamber of Commerce.

To achieve a growth rate of 7.2 percent in 2009-10, the economy needs to grow at 8-9 percent in the January-March quarter, a growth rate he said is achievable with robust industrial production and expectation of a good Rabi crop.

Rangarajan expects a growth rate of 9 percent in 2011-12.

"Indian economy can grow between 8-9 percent through augmentation of domestic demand, but for the economy to grow beyond 9 percent, we need a overall world environment to be favourable," he said.

India Inc salaries may rise 10.6% in 2010: Hewitt

India Inc will see the highest rise in salaries among Asia-Pacific countries this year, led by sectors like engineering, procurement and construction, banking, finance and insurance, retail and IT, according to a study by Hewitt Associates.

Indian wages will rise by 10.6 per cent, compared to 6.6 per cent in 2009, said the Hewitt India Salary Increase Survey 2009-2010. The salary hike will be across all the levels.

"The economy has shown faster recovery in sectors that rely on domestic growth and consumption, while recovery in sectors that have global dependence is expected to gain speed by mid-2010. This growth and the fact that 2009 saw a lot of salary freeze and salary cuts, are providing an impetus for healthy increase in compensation for employees," said Sandeep Chaudhary, leader of Hewitt's Performance and Rewards Consulting practice in India.

The survey covered 465 companies across 20 primary industries. The findings say domestic companies are expected to outperform MNCs with a projected average salary increase of 11.4 per cent as against a 10.2 per cent by the latter.

Nevertheless, the slowdown has brought a definitive change in compensation philosophy. Salaries in 2010 will see a rise in the variable component. Variable pay as part of total compensation will increase to 24.8 per cent in case of top executives, from 20.8 per cent in 2009. In case of senior management, the variable component is expected to go up to 20.5 per cent, from 17.1 per cent last year.

India Inc also saw sharper performance differentiation. Those employees, who exceeded expectations, received a salary hike of 13.4 per cent in 2009 when the industry average was 6.6 per cent.

GDP set to jump fourfold to \$4.5 trillion by 2020: Edelweiss

The economy is set to grow four times over the next ten years to a hefty Rs 205 trillion from Rs 53 trillion in the last fiscal, says a report.

"Driven by a nominal annual growth rate of 13 per cent, GDP is set to quadruple over the next ten years and the country is likely to be a Rs 205-trillion (USD 4.5 trillion) economy by 2020," financial services company Edelweiss Capital said in its report--'India 2020: Seeing, Beyond'.

The report focuses on three super themes--financial services, private domestic consumption and physical infrastructure.

According to the report, gross domestic savings would grow by 3.8 times from Rs 19 trillion in FY09 to Rs 72 trillion in FY20.

"Over the next 10 years, the incremental financial savings (Rs 172 trillion) will equal four times the total financial services over the past 40 years," it said.

The report has forecast that domestic consumption expenditure is set to triple from Rs 30 trillion in FY09 to Rs 113 trillion in FY20.

"There will be a movement from essential items of consumption such as food, clothing and footwear, among others, to discretionary items and economic enablers such as healthcare, education, recreation, amongst others," the Edelweiss report said.

Investment in infrastructure is also set to witness a threefold increase from Rs 21 trillion during the 11th Plan (FY2008-12) to Rs 62 trillion between FY10 and FY 20, the report said.

The report has also said a massive growth is expected over several sectors such as banking, broking, asset management, life insurance, domestic pharma and healthcare, media and entertainment, education, premium urban housing and organised retail sector.

Indian M&As set for a record year

With economic recovery underway, companies are increasingly looking at mergers and acquisitions (M&As) in both the domestic and international markets. Analysts say the early trends are a clear indication that we will see a record number of M&A deals this year. Deals are expected to even surpass the level of 2007, a year that saw the highest number of deals in terms of both numbers and total announced value in India.

Data from Grant Thornton show that in the month of February alone there were 60 M&A deals—both cross-border and domestic—with an announced value of \$1.3 billion, which is 5 times that of the total M&A deals in the same month last year. The total number of deals in February this year was double as compared to the same month last year. However, the value of deals is still less than half of what was achieved in February 2008, when we saw some high-value deals such as Centurion Bank of Punjab's merger with HDFC Bank. Still, the average deal size for the month of February this year was \$22 million, significantly higher than last year.

Current quarter sees record fund-raising through IPOs/FPOs

The current quarter is set to do down in the history of India's capital markets for the highest ever amount of over Rs 26,000 crore being raised through initial and follow-on public offers. The government's thrust on disinvestment, along with quite a few mid- and small-sized issues, saw the quarterly number breaching the earlier record that was set in the second quarter of calendar year 2007.

According to data from Prime Database, the first two months of the current calendar year saw Rs 15,751.22 crore being raised through initial public offers (IPOs) and follow-on public offers (FPOs). Incidentally, this does not include the mega FPO of NMDC and IPOs of IL&FS Transportation Networks, DQ Entertainment and Pradip Overseas. Collectively, these issues will raise nearly Rs 11,000 crore, pegging the quarterly mobilisation in excess of Rs 26,000 crore. This is significantly higher than the Rs 23,654 crore raised in the three months between April and June 2007.

According to the investment banking community, the record mobilisation can be attributed to the fact that companies initiated the process in the middle of last year and started hitting the market at quick intervals in the current quarter.

"The market started showing signs of recovery in mid-2009 and that is when many companies that were sitting on the sidelines initiated their IPO plans," said Anil Ladha, head (capital markets), ICICI Securities. "All such companies are now opening their issues for subscription, leading to huge mobilisation," he added.

Core sector grows by 4.5% in Feb

Six core infrastructure industries grew at 4.5 per cent in February against a meagre 1.9 per cent during the corresponding month last year, primarily due to increased output in electricity (7.3 per cent). The core sector had grown by a robust 9.5 per cent in January 2010.

The month on month deceleration in the growth rate is expected to moderate the overall industrial growth rate measured by the Index of Industrial Production (IIP), but is expected to continue at a healthy double digit level.

"Given these numbers, I think the IIP figures would come down and would be in the range of 10-11 per cent in the coming months," said D K Joshi, principal economist of research and ratings firm Crisil Indian Limited.

The six infrastructure sectors — crude, petroleum refinery products, coal, electricity, cement and finished steel — that constitute 26.68 per cent in IIP, recorded a growth of 5.3 per cent in the period April-February 2009-10, as against 2.9 per cent in the same period last year.

A healthy growth in industry output with high inflationary expectations create ground for further monetary tightening measures by the Reserve Bank of India in fourth quarter monetary policy review on April 20.

While power generation grew by 7.3 per cent against 0.6 per cent during a year ago, crude output and coal production registered a growth of 4 per cent and 6.8 per cent respectively.

Double FDI target to \$75 bn in 2015: Rajan Mittal

“The country needs to double its FDI target from current \$33 billion to \$75 billion by 2015 for making India a leading manufacturing hub,” industry chamber Ficci said.

Addressing his first press conference, Ficci president and vice chairman & managing director of Bharti Enterprises Rajan Bharti Mittal said, “Ficci will focus on making India the global investment destination with a target of \$75 billion FDI by 2015.” Mittal pointed out that India is not considered as an investor-friendly nation as the industry still needs over two dozen clearances and permissions for setting up a single unit.

Calling for a strong collaboration between the industry, the Centre and states to tide over infrastructure gaps, Mittal said it is time the country geared up to become a major manufacturing hub by positioning it as an alternative to China. The country should look at attaining 10% GDP growth from 7-7.5%, he said. The country must urgently bridge the huge gap between its positions as one of the few FDI destinations and being ranked very low in the list of investor-friendly countries, he added.

Investments have been the prime driver of growth over the last few years but the country continues to be mired in “rules, regulations and red-tapism,” he said.

FII's bounce back, infuse Rs 2,500 cr

Some big buying by foreign funds sent the bears scurrying for cover as the Sensex and the Nifty both hit a five week high. Encouraged by the fiscal prudence of the government and its commitment to growth, Foreign Institutional Investors (FII), who have been liquidating positions in the Indian market over the past two months, checked back into the market running up a bill of nearly Rs 2,500 crore in the last two trading sessions. The fact that India is among the most expensive markets in the region didn't seem to bother them as they shopped for equities worth Rs 1,335 crore.

Domestic Institutional Investors (DII), however, seem to be staying away from the party and were net sellers of equities worth Rs 977 crore. FIIs bought equities worth Rs 1,094 crore, DIIs were net sellers to the tune of Rs 860 crore.

The 30-share BSE Sensex extended its gains by another 343 points or over 2% to end the trading session at 16,773 while the broader 50-share Nifty closed above the psychological 5,000 level gaining 1.92% or 95 points at 5,017.

The good news from the corporate front too has encouraged investors to shop for stocks. Moreover, a surge in Indian's exports by 11.5% during January 2010, the third consecutive month of strong growth and a positive outlook on India's sovereign rating

by the global rating agency Moody improved investors' sentiments towards India. Deutsche Bank has a Sensex of 22,000 by end 2010. "The high GDP growth, coupled with the government's roadmap to rein in the fiscal deficit will boost FII interest while strengthening domestic consumption will lead to an accelerated return of the investment cycle," said Pratik Gupta, managing director, Head of Equities, Deutsche Bank.

FII net inflow in equities crosses \$2 bn

The strong post-budget rally has seen the net inflow from foreign institutional investors crossing the USD 2-billion-mark so far this year.

An analysis of the net FII fund flow into the domestic equities shows that overseas investors have parked a hefty USD 2.02 billion (Rs 9,189 crore) in the domestic stocks as on March 9.

As per the latest data available with the capital market regulator Sebi, foreign institutional investors have been gross purchasers of equities worth Rs 1,20,128 crore so far this year, while they sold stocks valued at Rs 1,10,938.7 crore, resulting in a net inflow of Rs 9,189.60 crore.

Marketmen said the positive aspects of the budget 2011 helped to woo foreign fund into the domestic bourses.

"The budget has all positive points that investors were looking for and it boosted the sentiment. FII inflow is also a positive impact of the budget," Bonanza Portfolio assistant vice-president for equity research Avinash Gupta said.

"In the coming days too, the domestic market will witness good inflow from FIIs," he added.

Significantly, post-budget, the Bombay Stock Exchange barometer Sensex has gained 5.19 per cent. It today settled at 17,098.33 points, up 0.27 per cent.

Cabinet to take up FDI ban in tobacco biz

The Cabinet Committee on Economic Affairs (CCEA) is likely to consider on Thursday a proposal from the department of industrial policy and promotion (DIPP) to ban foreign direct investment in the tobacco sector, jeopardising plans of Japan Tobacco, BAT and the Altria Group in India. If the CCEA approves the proposed ban, India would be the only country in the World to go in for such a stringent move.

The proposed ban may shut the door permanently on Japan Tobacco's proposal to invest \$100 million into its Indian subsidiary. Its proposal has been pending with the Foreign Investment Promotion Board (FIPB) for about two years at least since the health ministry had proposed a ban on FDI in this sector.

The move to ban foreign investments in tobacco has been controversial since the proposal came soon after Japan Tobacco announced its intention to raise its stake in the local unit to 74% from 50%. Also, British American Tobacco, the single largest shareholder in ITC, has seen its desire to take a controlling stake in the Indian unit thwarted consistently without any adequate reasoning. BAT holds about 32% in ITC, and the government-controlled LIC and Unit Trust of India's government administrator are the other big shareholders.

JTIL's proposal was to raise its stake in its Indian subsidiary—JT International (India) Ltd—to 74% from 50%. The company owns the Camel and Winston cigarette brands. The Indian business has accumulated losses of Rs 127.74 crore, which the parent company wants to turn around through restructuring. JTIL acquired its Indian operations after it bought out RJ Reynolds globally. RJ Reynolds had an equal joint venture with the Delhi-based Modi family, which later sold its stake.

FII's bullish on Indian stock mkts

Foreign institutional investors (FIIs) continued their buying spree, the seventh consecutive session in which they were net buyers. FIIs have been net buyers every single day after the announcement of the Budget—picking up stocks worth Rs 8,473 crore in six sessions. They were buyers to the tune of Rs 2,173 crore, according to data put out by the exchanges. That is among the highest amounts purchased in a single day in recent times. The 30-share Sensex of the Bombay Stock Exchange (BSE) Sensex rose 623 points, or 3.8%, since the Budget day.

While FIIs were net sellers in the secondary market in January and February, they have been buying shares in the primary market by subscribing to follow-on issues and IPOs. Since January, they have bought stocks worth Rs 8,355 crore worth of shares since the start of January. FII continued their buying spree on Tuesday as they purchased Rs 2,173 crore worth of equities, while domestic institutional investors (DIIs) sold shares worth Rs 171 crore, according to BSE's provisional estimates.

According to Hitesh Agarwal, head-research, Angel Broking, the FIIs booked substantial profits in 2008 and the early part of 2009 because of the global financial crisis. "Fundamentally, there was no reason for them to exit the Indian equities. That money is now coming back."

FIIs are one of the largest investors in the Indian markets and exhibit strong influence on the index movements. And they have been net buyers in all three quarters of this fiscal. In the last three quarters of fiscal 2010, they have purchased shares worth Rs 90,934 crore.

Select LLPs may get 49% FDI

Foreign investors may soon be able to set up Limited Liability Partnerships, or LLPs, in India, as the government is all set to allow foreign direct investment in this new form of business organisation.

Initially, FDI up to 49% may be allowed in LLPs in select sectors such as manufacturing, a DIPP official told.

This could help make this form of business organisation more popular. So far, only 914 LLPs have been registered in the country. “We are ready with a discussion paper on the FDI framework for LLP,” the official, who did not wish to be named, said. The current thinking within the government is to allow FDI in LLP selectively and cap it at 49% even in sectors where companies can have 100% foreign investment, he added.

LLPs are business entities that are a hybrid between companies and partnership firms. As the name suggests, partners’ liability is limited to the extent of their stake in the LLP.

Unlike private limited companies where number of shareholders is limited to 50, an LLP can have unlimited number of partners. Besides, LLPs are not burdened with cumbersome compliance such as meetings and maintenance of statutory records. The DIPP will soon call a joint meeting with other ministries, departments and regulators including the RBI to discuss the paper and finalise the foreign investment regime for LLPs.

“Any move to ensure that LLPs have a level playing field will help the structure takeoff,” said Aseem Chawla, partner, Amarchand & Mangaldas adding that it was important that regulators in various services industry recognised this structure.

However, Akash Gupt, executive director, PwC felt more was needed for this structure to take off. “While allowing FDI in LLPs there is also a need to address sector regulatory issues that prohibit these entities from carrying on a particular activity,” he added. LLPs, for instance, cannot bid for a road project as per guidelines of the National Highway Authority of India.

Currently, FDI is not permitted in partnerships firms, but is allowed in companies subject to sectoral caps. In a number of manufacturing sectors 100% FDI is allowed through the automatic route.

Sole proprietorship firms can also get non-resident investment on a non-repatriable basis. Many countries allow 100% foreign investment in LLPs though they may not be allowed to undertake certain sectoral activities. The official said the 49% cap on FDI will ensure that control in LLP rests in Indian hands.

RBI had written to the finance ministry and the DIPP that FDI should be allowed in all sectors for LLPs but capped at 49%. It had also favoured mandatory Foreign Investment Promotion Board clearance for any FDI in LLPs.

Forex reserves up \$1.28 billion

The country's forex reserves went up by \$1.28 billion to \$279.71 billion in the week ended March 12, RBI said in its weekly statistical supplement. While foreign-currency assets rose \$1,249 million to \$255.32 billion, gold reserves remained unchanged at \$17.92 billion, RBI said.

Special Drawing Rights with the IMF rose \$22 million to \$5.07 billion while its reserves with the IMF also inched up by \$6 million to \$1.39 billion.

Total reserves have climbed up by \$30.98 billion in the last one year. Essentially, reserves constitute of overseas currencies, gold and special drawing rights with the IMF.

FII buying, advance tax figures a fillip to markets

Steady buying from foreign funds coupled with strong advance tax numbers have pushed Indian markets to an eight-week high. Foreign institutional investors (FII) bought for the 12th consecutive trading session and remained net buyers at over Rs 370 crore, according to provisional figures furnished by the Bombay Stock Exchange (BSE).

In the month of March, FIIs have bought stocks worth \$2.4 billion, according to data by Securities and Exchange Board of India (Sebi). If it holds on to this figure, March could be the month of highest monthly inflows witnessed since September 2009. In the last 11 trading sessions, FII have bought Rs 11,440 crore. Yet, large cap indices haven't moved much. BSE Sensex was up 1.03% during the same period while CNX midcap ended up relatively higher at 2.4%. While the march shareholding figures aren't available, it is likely that FIIs are fishing for stocks in the midcap counters. The 30-share Sensex of BSE added 218.19 points or 1.27% to end at 17,383.18 on tuesday. The broader S&P CNX Nifty of National Stock Exchange (NSE) gained 69.20 points or 1.35% to close the day at 5,198.10.

Benchmark indices opened the day with positive gap and traded in a range-bound manner. However, during the final hour of the trading strong cues from the European markets boosted the sentiment of the market.

No FDI, private participation in n-power sector: Chavan

There are no plans to allow foreign direct investment (FDI) or domestic private sector participation in the generation of nuclear energy as the sector was "extremely sensitive", Minister of State for Science and Technology Prithviraj Chavan said.

"The government has no proposal to allow FDIs and domestic private sector participation in generation of nuclear energy, given the sensitivity of the sector. The first challenge would be to pass the Nuclear Civil Liability Bill with a collaborative approach," Chavan said at an event organised by the industry forum, Associated Chambers of Commerce and Industry of India (Assocham).

"After the bill is through, the government would be able to create conditions to forge alliances between domestic power sector companies and their counterparts overseas," Chavan said at the Conference on Nuclear Energy: Need for Legal & Regulatory Framework for Investment.

Chavan said that the United Progressive Alliance (UPA) government has ambitious plans to import equipment to expand its indigenous nuclear generation power programme from countries like France, Russia and the United States.

"The imports will be subject to conditions that suppliers would have to take the entire risk for meeting emergency requirements which can be possible provided the Nuclear Civil Liability Bill has a smooth passage in parliament," the minister explained.

FII investments increase after budget

Over the last week, there was a good rally in the markets. The key market indices - Sensex and Nifty - are trading close to their yearly high levels. Analysts believe that the absence of any negative surprises resulted in the markets drifting in an upward direction with strong foreign institutional investor (FII) inflows.

FIIs have increased investments in the domestic markets as their confidence in the growth story here has increased after the budget.

Although the markets are not showing any signs of weakness and might climb up further in the near future, they have gone up by almost 10 percent since the budget. Short to medium-term investors should start booking profits or keep their open positions with a tight stoploss trigger.

In the currency markets, the US is pressurising China to let its currency (Yuan) appreciate against major world currencies as analysts believe China's artificially pegged currency rate would lead to over-capacity problems and asset bubbles.

FIIs' debt investments see 12-fold rise

Lured by high returns and safety of Indian debt, foreign institutional investors (FII) have pumped in a record US\$ 6.04 billion (Rs 27,784 crore) in corporate and government papers in the financial year up to March 10. This is a 12-fold rise over their investment of US\$ 480 million (Rs 2,208 crore) in 2008-09.

According to data from the Securities and Exchange Board of India (Sebi), FIIs have cumulatively invested US\$11.24 billion in Indian debt since November 1992. This includes investment in both government and corporate bonds. Sebi does not release segment-wise break-up of debt investments.

"Yields on short-term bonds have moved up and the curve is looking attractive. We have not seen similar participation in the past. We will see an increase in the level of

FII flows in debt in the coming year too, as the rating has been upgraded now,” said a senior executive of a foreign bank.

From November 1992, FIIs have invested \$76.1 billion in equities till date. Though there is no break-up available on the mix, executives of foreign banks said around one-third, or \$4 billion, of the investment is in sovereign paper.

“The interest rate differential between India and other countries has definitely played a role. Investors look for returns and safety and Indians score pretty high on both fronts. Recently, S&P also upgraded its India rating,” said a senior executive of ING Vysya Bank.

Following the collapse of the US-based investment bank Lehmann Brothers in October 2008, investors across the world fled debt markets on the back of default fears. This resulted in FII investment in Indian debt falling to \$480 million from \$3.14 billion in 2007-08.

“There is definitely more interest in Indian companies. Since then, there has been a revival in the corporate debt market as a whole, and specifically in papers of Indian companies,” said Arvind Sampath, head of bond trading at Standard Chartered Bank. He added that most of the corporate papers being bought were of three-five years duration.

In December last year, the capital markets regulator stipulated that a single FII could invest a maximum of Rs 300 crore in government paper. The minimum amount is Rs 50 crore.

While FIIs can invest in equities without any approval, they have to seek permission from the regulator every time they buy government or corporate bonds. Also, the government has set a ceiling of \$5 billion for investment in government securities and treasury bills, while the limit for corporate bonds is capped at US\$15 billion.

Mutual funds have invested \$26.42 billion in the debt market during this financial year till March 10. During the same period, they invested \$22.294 billion in the equity market.

Easy norms for FDI up to Rs 1,200 crore

The government notified the liberal FDI rules for implementation under which the finance minister can clear proposals up to Rs 1,200 crore foreign equity without seeking an approval of the Cabinet Committee on Economic Affairs.

The department of industry policy and promotion (DIPP) has notified the changes in the Foreign Direct Investment (FDI) rules.

Now, the FDI proposals up to the threshold of Rs 1,200 crore would be considered by the Foreign Investment Promotion Board (FIPB). Earlier, such proposals above Rs

600 crore were referred to the Cabinet Committee of Economic Affairs. While the FIPB gives its recommendations, the final clearance is given by the finance minister.

The new FDI norm was approved on February 11 by the CCEA, which would now consider cases of foreign equity above Rs 1,200 crore.

According to the DIPP Press Note, cases below Rs 1,200 crore can be referred to the CCEA in special cases by the FIPB or the finance minister. Though, for special circumstances which relate to certain issues like national security. Besides, foreign investors need not seek fresh approvals from the government or FIPB in sectors that have been transferred to the automatic route or where FDI caps have been removed and also for additional investment.

With the policy relaxation, the foreign companies will not be required to obtain no-objection certificates from domestic firms for a second time for raising investment in the ongoing projects.

As per the Press Note 1 of 2005, foreign companies needed NOC from their domestic partners for taking up activities in the same sector through joint venture or technical collaboration with other entities.

Taiwan keen on business ties with Kerala

Taiwan, which has established trade and technical collaboration with various Indian States in recent times, has expressed keen interest to put Kerala on a priority list in these areas of interest, Mr Philip Wen-chyi Ong, Ambassador of Taiwan to India, has said.

Addressing newsmen in Kochi, as part of his three-day visit to the State, he said the focus in Kerala would be on seafood, IT and English teachers to begin with.

Though Taiwan is a highly literate country with 171 universities and a literacy rate of 97.3 per cent, its medium of education was largely in Chinese language and is now planning to give equal emphasis to English medium as well in order to attract more foreign students for its under-graduate and graduate-level courses.

To strengthen this area, it was looking for English teachers and Kerala was one of the regions from where it could find suitable hands, he said.

Taiwan had relaxed visa restrictions in respect of Indians in order to promote more business and tourist traffic between the countries and its educational expenses on foreign students were far cheaper as compared to western countries. Therefore, Indian students could now look to east "instead of west", he added.

He said the Indo-Taiwan bilateral trade, which is estimated at \$5.3 billion, accounting for 1 per cent of Taiwan's total foreign trade at present, is set to grow tremendously in the next five years and invited Indian trade, business and tourists to visit Taiwan.

Mr David Hsu, Director, Economic division, Taipei Economic and Cultural Centre, New Delhi, also accompanied Mr Wen-chyi Ong on the Kerala visit which is facilitated by the Kerala State Industrial Development Corporation (KSIDC).

India, Australia hold talks on trade expansion

India and Australia held discussions regarding expansion of trade, promotion of investment and joint ventures in the field of prospecting and exploration of oil and natural gas, as well as in mining and infrastructure sectors.

The visiting Australian Minister for Foreign Affairs, Mr Stephen Smith, met the Indian Commerce and Industry Minister, Mr Anand Sharma, for his first interaction at a Ministerial level during his current visit to India, an official statement said.

The discussions also covered wide range of issues including forthcoming meeting of Joint Commission meetings between Australian and India from May 3-7, 2010. The constitution of a CEOs Forum by both the sides also figured during the discussions.

CWG infrastructure

Both sides also discussed the early completion of the Commonwealth Games infrastructure projects undertaken by the Australian companies. Both the Ministers expressed satisfaction at the on-going preparation for Commonwealth Games including the comprehensive security arrangements.

Mr Smith also expressed satisfaction about the security arrangements made during the Australian team's recent participation in shooting and hockey events, the statement said.

Meet identifies prospects of trade with Bangladesh

The North-East India Trade & Investment Conclave, organised jointly by the Indian Chamber of Commerce (ICC) and India-Bangladesh Chamber of Commerce & Industry (IBCCI) held in Dhaka recently addressed key issues in bilateral trade, according to a release issued by ICC.

The conclave was attended by over 200 delegates from Bangladesh and around 70 from India.

Indian delegates

The Chief Minister and two Deputy Chief Ministers of Meghalaya, Industry & Power Minister of Assam, Commerce & Industry Minister of Mizoram, Commerce & Industry Minister of Tripura and a high-level ICC delegation led by its President, Mr Vishambhar Saran, were present.

The delegation also met the Bangladesh Prime Minister, Ms Sheikh Hasina.

Areas identified

ICC identified several areas such as energy, covering electricity (both thermal and hydel), coal and oil and gas, telecommunication, healthcare, fertiliser, forest-based industries, spices, fruits vegetables, among others, which held out the promise to boost bilateral trade.

Special emphasis was paid on how to promote trade between India's north-eastern region and Bangladesh because of their physical proximity.

It was felt that investments and joint ventures in the north-eastern region could be horticulture, rubber, bamboo, tourism, hydro-electricity, agro and food processing and handloom and handicraft.

It was decided that ICC and IBCCI would regularly interact to review the progress of cooperation between the two countries, the release added.

Hungary keen on trade relations with India

Hungary is keen to strengthen trade relations with India and hopes to expand its bilateral business to about \$ 1 billion by next year.

An important member of the European Union, Hungary, with its strategic location in the heart of Europe, could provide an important gateway to Europe, said Mr Laszlo Parragh, President of the Hungary Chamber of Commerce and Industry. Currently, bilateral trade between the two countries is estimated at \$ 900 million.

Addressing a meeting organised by the Bangalore Chamber of Commerce and Industry (BCIC) here Wednesday, Mr Parragh said though his country's bilateral trade with China was ten times (\$ 10 billion) that of India, there was tremendous potential for India and Hungary to expand trade volumes. He said India's phenomenal economic growth in the past two decades had led Hungary to strike strategic partnerships with it in various fields such as agriculture, infrastructure and IT services.

Mr Parragh, who is on a visit to India at the head of a 28-member business delegation, said though agriculture's share in Hungary's GDP was only 3 per cent, the country had the technology to offer India, for increasing productivity.

Another area where Hungary would like to share its expertise was engineering, particularly in managing resources optimally in power plants, he said.

Mr Venkat Kedlaya, former President, BCIC, said India could tap the opportunities available in Hungary to diversify its exports and reduce dependence on traditional customers.

India-Africa summit to take up 145 projects worth \$9 billion

At a three-day interactive conference with the African continent in New Delhi, ministers, businessmen and experts from both sides will discuss 145 business projects worth \$9 billion.

External affairs minister SM Krishna will inaugurate the sixth India-Africa Project Partnership conclave on March 14, being jointly organised by the external affairs and commerce ministries, as well as the EXIM Bank and the CII. Ghana's vice-president John Dramani Mahama will be the guest of honour at the conclave.

The conference that seeks to give a fresh momentum to India's multifaceted engagement with the African continent will take-off with a CEOs' roundtable which will put forth an action plan to scale up bilateral trade to \$70 billion in the next five years. Also, it is expected to revolve around four linked sub-themes: India-Africa partnership, rural economies, Africa tomorrow and Going Green.

The major focus of the conclave will be on the infrastructure development in Africa. The presence of a strong Indian diaspora in several African nations further improves the ties with African business and trade networks, sources said.

The other focus areas of discussion will be project financing, mining and minerals, agriculture and agro-processing, energy, consultancy, transport connectivity, SMEs promotion, pharmaceuticals and healthcare and human capital formation.

Major Indian investment in Africa is in sectors like manufacturing; non-financial services such as IT and IT-enabled services (ITeS) and energy.

Sudan and Mauritius are among the top five investment destinations for India, with both accounting for about 18 % of India's total FDI flow. However, infrastructure in the region still remains a critical area for investment.

In 2009, the delegates from both sides discussed projects worth over \$12 billion, the fourth conclave, held in New Delhi in March 2008, and had discussed projects worth over \$10 billion.

India, Russia to sign pacts to boost trade

To further strengthen their strategic and economic ties, India and Russia will sign several agreements, including an umbrella civil nuclear pact and supplementary

agreements to fix the cost of the refurbished aircraft carrier Admiral Gorshkov at \$2.35 billion.

Russian Prime Minister Vladimir Putin visited during which he will hold talks with Prime Minister Manmohan Singh. The two sides will sign an umbrella inter-governmental civil nuclear agreement, a number of defence deals and a visa pact after the talks, officials said.

Putin will be accompanied by a “high-powered” delegation comprising several ministers and senior officials including deputy prime ministers Sergei Ivanov and Sergei Sobyanin. A 15-member business delegation from Russia will also be here during Putin’s visit.

The Russian envoy’s India trip will further enhance the bilateral technological and energy cooperation, MEA spokesman Vishnu Prakash said. During the meeting, India will demand a stake in Sakhalin-3 project in the Far East of Russia and gas fields in East Siberia and Yamal Peninsula.

“Several agreements are in the process of being finalised, including ONGC Videsh, the overseas investment arm of state-owned Oil and Natural Gas Corp (ONGC), may sign an agreement with Russian gas monopoly Gazprom OAO, which is developing the Yamal Peninsula,” said senior officials in the MEA.

Putin will be accompanied by Gazprom deputy chairman Alexey Borisovich Miller who OVL will court for possible collaborations when he meets with his counterpart Murlu Deora. Gazprom owns licences for at least eight of the 11 gas fields discovered on the Yamal Peninsula.

OVL already has 20% interest in Sakhalin-1 project and wants an agreement with Russia’s Rosneft to jointly bid for Sakhalin-3. Also on OVL radar are the Trebs and Titov exploration blocks in Timan Pechora region, for which a partnership with Rosneft will be sought, added sources.

India may also seek exemption from payment of high taxes on crude oil OVL subsidiary Imperial Energy produces in the Siberian region, they said.

India, Brazil, EU seek uniform local & global tariff rules

India, Brazil and the EU have come together to press for convergence of all national standards with the relevant international standard to check arbitrariness in rules that often leads to rejection of shipments by importing countries.

In a recent submission at the WTO, the group has argued that members should agree to a review of their technical regulations at regular intervals and make necessary changes to harmonise them with relevant international standards.

India had earlier asked the WTO to include in its integrated database non-tariff measures (all restrictions not related to tariffs) of all countries so that members are aware of standards in other countries. "India wants the issue of arbitrary quality standards to be addressed in the ongoing Doha round of WTO talks as our exporters face a huge problem due to whimsical standard-setting by the Western countries," a commerce department official said.

Fieo director general Ajay Sahai pointed out that at times Indian exporters have to divert their cargo from countries with unusually stringent standards that could lead to rejection of particular consignment to a neighbouring country where it would be acceptable. However, this diversion has a cost as exporters have to give huge discounts.

"Indian exporters are not only dealing with different standards but are also not able to enter certain markets despite attaining widely recognised international standards as their standards are more stringent," Mr Sahai said.

As per the agreement proposed by the three countries, international organisations, such as the International Organisation for Standards (ISO), International Electrotechnical Commission (IEC), the International Telecommunication Union (ITU) and Codex Alimentarius, could be considered relevant international standard-setting bodies. It had also called for an audit to find out on how the multiplicity of international standards and technical regulations affect trade flows of developing countries.

India, US set to ink pact to boost trade, investment

India and the US are signing a new set of rules of commercial engagement to give a boost to rapidly-growing trade that has more than doubled over the last five years.

Called the "Trade Policy Forum Framework for Cooperation on Trade and Investment", the pact to facilitate trade and investment flows between the two countries is set to be signed by Commerce and Industry Minister Anand Sharma and US Trade Representative (USTR) Ron Kirk.

With bilateral trade of \$65.9 billion last year, the US is India's largest trade partner. It is also one of the leading sources of Foreign Direct Investment into India and recently. Indian investment flows to the US estimated at \$13 billion in 2007 are also steadily growing.

Sharma is also scheduled to have meetings with the Secretary of Commerce Gary Locke and Secretary of Agriculture Tom Vilsack.

The India-US Trade Policy Forum was established after the visit of the Prime Minister Manmohan Singh to US in July 2005. The USTR and Commerce and Industry Minister are the co-chairs of this forum.

Five Focus Groups have been discussing various trade policy issues of mutual interest relating to (a) tariff and non-tariff barriers; (b) services; (c) agriculture; (d) investment; and (e) creativity and innovation. The sixth meeting of the Forum was held in New Delhi in October 2009.

The India-US Private Sector Advisory Group (PSAG) comprising prominent trade personalities from India and US would also meet on March 17. The PSAG was established in Sep 2007 to provide strategic recommendations and insights to the Trade Policy Forum.

Sharama, who will visit New York on March 19, is scheduled to have meetings with US industry including the Board of US Council for International Business and the India Business Forum.

During the November official state visit of Prime Minister to Washington, a new India-US Economic and Financial Partnership was established to strengthen bilateral engagement and understanding on economic, financial, and investment-related issues.

The Partnership will meet at the Cabinet level once a year, alternately in the US and India. Working group and sub-cabinet level meetings will be held throughout the year to advance discussions on specific economic policy areas.

The India-US Economic and Financial Partnership will be formally launched by Finance Minister Pranab Mukherjee and US Treasury Secretary Timothy Geithner in New Delhi on April 6.

India, China will expand bilateral co-operation

India and China are seeking to enhance bilateral ties by expanding collaboration in areas of forests, environment, biotechnology and agriculture.

A high-level delegation from China, led by the Vice Premier, Mr Hui Liangyu, visited New Delhi and met the Prime Minister, Dr Manmohan Singh.

“The discussions will focus on issues such as cooperation in forestry sector, agriculture, role of biotechnology and environment,” said the Environment Minister, Mr Jairam Ramesh, the official interlocutor. However, no formal agreements were expected to be signed between the leaders of both nations, he added.

“China regards climate change as successful example of bilateral cooperation. We will be exchanging ideas on what more we need to do,” said Mr Ramesh.

China has announced that it would bring 40 million hectares under forest cover in the next 10 years. “We would like to learn from them,” Mr Ramesh said adding India added 4 million hectares of forest cover in the past decade.

Bio-technology

In agriculture, the discussions are expected to be on the role of biotechnology, where China has made rapid strides in the areas of Bt Cotton. Like India, China is also in the process of developing genetically modified rice. "We would like to share our experiences on the scientific challenges and the regulatory system being put in place," Mr Ramesh said.

Earlier, addressing members of the Federation of Indian Chambers of Commerce and Industry (FICCI), Mr Hui Liangyu said that China had emerged as India's largest partner and the two nations with 40 per cent of the world's population had no option but to cooperate bilaterally.

"I am ready to work with India to bring about a balanced and coordinated development of economic relations and will continue to work towards strengthening political ties, enhancing business relations and greater exchanges for environmental protection," Mr Liangyu said.

Ficci, CII lay road map to develop India-LAC trade

Leading industry organisations are bringing together businesses and institutions in India and the Latin American and Caribbean (LAC) countries, organising business summits and helping to forge stronger economic and trade relationships.

Ficci is organising an India-LAC Business Summit on March 30, which will be followed by the 4th India-Latin America and Caribbean CII Conclave on April 4. Despite the impressive growth in trade with LAC, the region, still has a meager share of about 3.9 % in India's global exports and 3.5% in its imports. "The India-LAC Business Summit 2010, therefore, aims at significantly increasing the trade flows between India and LAC region," Ficci officials told.

The summits aim to provide a platform for trade and technical collaborations, joint ventures and technology transfers and create mutual awareness about business and investment climates of various LAC countries and India. India's major exports to LAC are chemicals, pharmaceuticals, engineering products, textiles and garments. According to officials in the ministry of external affairs, defence is a new area in these countries which has opened up for Indian exports. Major imports from these countries include crude oil, soya oil, copper and minerals.

India's ambassador to Argentina, Uruguay and Paraguay, R Viswanathan told FE: "India's exports to the region went down by about 30 % in 2009 in comparison to 2008. This was expected, due to the global crisis and local import restrictions by these governments."

However, he added: "We have witnessed tremendous enthusiasm and interest by the businessmen of the region who have started taking India seriously as a long-term bet. The global crisis made them realise the limitations of their traditional partners US and

Europe. They are attracted by the opportunities offered by the new long-term high-growth large markets such as India.”

France seeks investments from India

The French Government is keen to attract Indian investments into that country, the Ambassador of France to India, Mr Jérôme Bonnafont, said.

“Of the 22,000 foreign companies in France there are only 90 from India, employing about 6,000 people. This is just too small. There is a need to make a special effort for India and make the business community aware of the opportunities that exist in France. Indian companies can either set up greenfield projects or buy a business,” the Ambassador said.

The data available with the Banque de France show that the stock of Indian FDI in France at the end of December 2008 was €363 million. “The data for 2009 is yet to be compiled but I do not expect any significant rise in flows from India,” the envoy said.

In comparison, 700 French companies have invested in India, and employ 1,60,000 people, Mr Bonnafont said.

The Ambassador listed a number of reasons for Indian businesses to look at investing in France including the fact that it is the 5th largest economy in the world, has good infrastructure and there were at least 40 French companies among the top 500 companies globally.

He also announced that in March the French Government launched a global “Invest in France” campaign.

Steel cos see double-digit growth

India’s top private steelmakers including Essar and JSW posted double-digit growth in sales volume with Ispat Industries’ sales rocketing 70% in February 2010, over the year ago period, backed by robust demand from automobile and infrastructure sectors.

The rise in housing construction activities, too, lifted volume growth for the metal as did the low base effect as companies were producing less the previous year due to low demand.

Indian steel industry has witnessed a sharp decline in demand since the second half of 2008, a period that saw most steel companies cut production with some units running at half their normal capacity. But demand started gathering pace post April 2009 and steel consumption grew 8% in the first nine months of the fiscal ending March’10.

JSW, the country's second largest private steel maker, posted robust growth in sales during the month but declined to divulge the growth figures. "We ramped up production capacity to 7.8 million tonne in the second half of last year from 3.8 million tonne early last year. So, monthly sales have moved up in line with production," JSW director (sales) Jayant Acharya said.

The company produced 5.42 million tonnes of crude or basic steel in February 2010, 61% higher than the corresponding period last year. Ispat Industries witnessed significant double digit growth in sales over February 2009 as the company was operating at a low production capacity last year.

Meanwhile, Ruias-owned Essar Steel posted 10% growth in sales volume in February 2010. Unlike other firms we had resumed normal production by February last year, the company spokesman said.

Steel demand will continue to rise going forward because a lot of emphasis has been laid on infrastructure development in the budget, say industry watchers. The government has proposed to invest Rs 1,73,000 crore in infrastructure in 2010-11, which will increase demand for metals and commodities like steel and cement.

"Robust demand absorbed the capacity addition that took place during the year and is reflecting in last month's steel sales volume growth. More capacity addition is likely to happen in the next two years," Ernst & Young partner Navin Vohra said. He said steel demand is improving globally, but overcapacity still exists in some markets of China, Europe and the US.

Cement sales up 28% on government's core push

Cement sales in the country have risen by an average 28% in February, underscoring a sharp pick up in the consumption of the key building commodity, following the government's thrust on infrastructure spending and a revival in real estate.

According to the February sales of five cement companies, including the Aditya Birla Group, Jaiprakash Associates, Dalmia, JK Lakshmi and Shree Cements, there has been a robust growth mainly due to higher consumption by the building industry.

These five companies together account for almost half of India's total capacity of 240 mt.

"Demand will remain robust due to the rise in construction activities," said R Gurumoorthy, executive director of Dalmia Cement. "Capacity addition may result in oversupplies in some markets, but it would be offset by enhanced consumption."

Dalmia Cement, which mainly operates in southern India, saw a 28% rise in its sales. With a capacity of 9 mt, the company's sales and production touched 3.58 mt and 3.90 mt, respectively, in February.

Jaiprakash Associates, the flagship company of Delhi-based Jaypee Group, has posted a 61% jump in sales in February to 11.61 lakh tonne. The company has since increased its target capacity to 35 mt from 22 mt.

Sectoral analysts said demand will rise over the next two quarters, as most firms are expanding current projects aggressively, due to increased construction activities from the Commonwealth Games, which is scheduled to be hosted in Delhi.

Healthcare sector beneficial for long-term investors

Healthcare is emerging as one of the fast-growing service sectors in India, contributing 6% to the country's growth domestic product (GDP). As two-third of the expenditure on healthcare is contributed by the private sector, it offers huge growth opportunity for corporate hospitals and healthcare providers. Given this, listed private sector companies offer promising opportunity to investors.

ETIG analysed the performance of five leading listed companies in the sector, such as Apollo Hospitals Enterprises, Fortis Healthcare, Indraprastha Medical Corp, Fortis Malar Hospital and Kovai Medical Centre & Hospital, over the past 12 quarters. The companies, while showing steady rise in the topline, have also seen a gradual improvement in their operating margins, even though most of them being in an expansion mode. On an aggregate basis, net sales (for the 12 trailing months ended December 2009) increased 60% in the past two years. The aggregate operating profit has more than doubled during the same period. The operating profit margin has increased to 15.7% for the year ended December 2009 from 12.3% in the previous year. Players are either seeing turnaround in their loss making units or reduction in their losses.

Most of these players have been on an expansion mode setting up critical care or super specialty healthcare centres. Leading players, such as Apollo Hospitals and Fortis Healthcare, are raising funds for their organic and inorganic expansions. Market leader Apollo Hospitals plans to raise \$30 million through a private equity funding. Another aggressive player, Fortis Healthcare has plans to raise around Rs 1,250 crore for funding its acquisitions. The company had earlier raised funds through a public issue followed up by a rights issue. It acquired 10 Wockhardt hospitals last year. Other smaller players too are either upgrading their existing facilities or entering newer markets. Due to the funding requirements of the companies in the sector, many private equity firms have exposure in healthcare sector. This is also an indication of the potential of growth of the sector.

The government is also treating healthcare as a priority sector. In the last Union Budget, the government had provided five-year tax holiday for setting up new private healthcare facilities in tier-2 and tier-3 cities. The increased penetration of medical insurance is also helping the growth of the private sector in healthcare. The insured population can avail of the high-priced better quality treatment provided by the players in the sector. The stocks of healthcare companies have performed varyingly on the bourses. While Fortis Malar Hospital and Fortis Healthcare have out-performed the

Sensex over the last year, Apollo Hospitals has been an underperformer till now. The stocks of Indraprastha Medical and Kovai Medical Centre have shed their recent gains and are currently under performing the Sensex. Given the growth potential of the sector, it is beneficial for long-term investors to have exposure in it.

India tops exporting generic medicines

India tops in the world in exporting generic medicines worth of Rs 50,000 crore and currently, the Indian pharmaceutical industry is one of the world's largest and most developed, according to union minister of state for chemicals and fertilisers Srikanta Jena.

The country, today, exports to more than 200 countries around the globe including the highly regulated markets of US, Europe, Japan and Australia. India exported drugs worth around \$8 billion in 2008-09, most of which to the US and Europe, followed by Central and Eastern Europe, Latin America and Africa.

"The Indian pharmaceutical industry, now a Rs one lakh crore industry, has shown tremendous progress in terms of infrastructure development, technology, human resource with a wide range of products. It has established its presence and has shown determination to flourish in a changing environment", Mr Jena on Sunday told "The ET".

Mr Jena was here to launch Jan Ausadhi Abhiyan, the National campaign to ensure universal reach of generic medicines across the population.

The country now ranks 3rd worldwide in volume and 14th in terms of value. The industry now produces bulk drugs belonging to all major therapeutic groups requiring complicated manufacturing technologies.

"Formulations in various dosage forms are being produced in Good Manufacturing Practice (GMP) and WHO compliant facilities. Strong scientific and technical manpower and pioneering work done in process development have made these possible", Mr Jena remarked adding that the Department of Pharmaceuticals is working with the vision to make India one of the top five global pharmaceutical innovation hubs by 2020.

Coffee exports surge 43% on increased global demand

India's coffee exports have surged 43% to 38,734 tonne during the first two months of 2010 on the back of higher domestic production coupled with increased demand from overseas.

In the value terms, exports have jumped 48% at Rs 434.5 crore, as per the Coffee Board data released on Tuesday. In the corresponding period of 2009, India, world's sixth largest coffee producer, exported 27,000 tonnes worth Rs 290 crore.

“Coffee exports have picked up because domestic supplies were better than that of last year,” a senior Coffee Board official said. Coffee production is estimated to increase at 2.89 lakh tonne in the 2009-10 season, which runs October to September, compared to 2.62 lakh tonnes in the previous season.

The official noted that demands from overseas have also increased owing to stable price of Indian coffee. Italy, Russian Federation and Germany were the top three importers during the period under review. India has shipped a maximum quantity of 7,463 tonne to Italy, followed by 5,609 tonne to Russian Federation and 3,764 tonne to Germany.

According to the data, of the total coffee exports of 38,734 tonne during the first two months, over 29,000 tonne were shipments of Indian coffee, while the remaining 9,726 tonne was re-export, which is a form of instant coffee. Exporters such as CCL Products (India) have shipped 4,936 tonne of coffee, Nestle India 3,281 tonnes and Tata Coffee 2,875 tonne in the January-February period of 2010.

Port traffic up 5.5% this year

Traffic handled at major ports in the country saw a growth of 5.5% in the April 2009-February 2010 period, compared with the corresponding period a year ago, signalling a gradual revival in exports as the world economy began easing itself out of the financial meltdown.

Data compiled by the Indian Ports Association shows traffic volumes at India's 12 major ports grew on a yearly basis to 509 million tonne in April to February 2010, from 482 million tonne in April 2008 to February 2009.

The data chiefly includes movements of products like iron ore, petroleum, oil and lubricants, fertilisers and coal, besides container cargo.

“Domestic volumes and imports were less impacted by the slowdown and they bounced back quickly. Exports were sluggish during the slowdown, and now the increase in port traffic indicates a recovery on the exports front,” said S Kulkarni, secretary of the Indian National Shipowners Association (Insa).

“An increase of 5.54%, however, is modest compared to the average yearly growth of 10-12% that we have seen in the past. As time passes and trade picks up, we'll see more growth in the coming years,” he added.

The figure, however, is more than double the mere 2.2% growth in port traffic reported during the April 2008-Mar 2009 period, when the slowdown hit exports the worst. The rise in port traffic for the April 2009-February 2010 period was triggered by a 21.57%

growth in cargo to 85.9 million tonne, coupled with a 2.77% increase in container traffic, which increased to 91.2 million tonne. Most of the commodities handled by these ports reported growth, compared with the previous year, barring finished fertiliser and petroleum, oil and lubricants. Finished fertiliser cargo handled at these 12 ports declined over 8.7% on an yearly basis to 10.5 million tonne, while petroleum, oil and lubricants, which account for the highest volumes at these ports, was marginally lower by 0.25% at 15.9 million tonne.

“Exports registered a double-digit growth of 19.4% in December 2009 for the second consecutive month. The Index for Industrial Production (IIP) registered a growth of 16.8% in December 2009. Consistent growth in IIP and non-oil imports demonstrates a boost in demand. Container volumes have also registered stable growth in the past three months. Going forward, we expect the same trend to continue,” said Supriya Madya and Rajni Mahadevan of ICICI Direct in a report.

Ad industry to grow at 14% in 2010: KPMG

The Rs 23,840-crore advertising industry, which saw flat growth in calendar year 2009, is set to grow at a compounded annual growth rate (CAGR) of 14 per cent in 2010, according to a report by consultancy KPMG.

While regional advertising showed resilience even during 2009, it is set to grow stronger, as advertisers reach out to rural areas and Tier-II cities.

The growth in regional advertising is partly driven by new sectors such as education, hospitality, real estate and jewellery, which often have local brands and therefore prefer to advertise through local channels, according to KPMG.

Rajesh Jain, executive director and head (M&E practice), KPMG, told: “Today, Tier-II and Tier-III towns are emerging as important growth centres and most major brands are increasing their focus to cater to them. Regional TV channels have recorded a growth rate of roughly 25 per cent. This should drive media planners to raise the ratio of ad volumes placed in the local media.” The print media, noted Jain, registered sluggish growth in 2009 on advertising revenues. This was because the economic slowdown and the consequent reduction in budgets of key advertisers such as retail and real estate companies.

The Rs 11,480-crore print advertising industry is expected to have flat growth this year, too, says Jain.

KPMG believes online advertising will grow about 30 per cent per annum, establishing itself as the fastest growing advertising medium.

“If advertisement revenues on TV, radio and print have seen de-growth (fall) in the last 12-14 months, advertisers have flocked to the internet,” said Jain. Though TV and print advertising comprise 85 per cent of all advertising revenue, KPMG said the Rs

840-crore internet advertising industry would attract the most aggressive marketing from both multinational companies and local brands.

MSME share in GDP may touch 10%

The micro, small and medium enterprises (MSMEs) are expected to contribute up to 10% to the country's gross domestic product (GDP) soon, said the finance ministry on Thursday. The current contribution of MSME sector to GDP is 8%. "MSME sector plays a vital role in country's growth. From 3-4% to 6% and to 8-9% now, the growth story has to move and will move to the higher level of about 10% soon and that is what the country needs," finance secretary Ashok Chawla said while inaugurating the All India Management Association (AIMA) Global Convention.

Chawla, however, emphasised, "The country today needs government's contribution in order to remove the poverty level. This is the right time to make the leap forward and adopt the best practices. Therefore the sector needs three things i.e., upgradation of technology, financing is required so that the projects are timely completed and promotion of product with the help of marketing mix." He also stressed that the targeted delivery of credit should reach to the micro sector. "Commercial banks should ensure easy availability of credit to the sector," he added.

He further said that the role of government and state is up to a point that they are meant to leap. "The world now recognises that the MSME has reached a level of maturity and role of innovation, enterprise and initiative comes in" he further said. MSME secretary Dinesh Rai said that the sector employs 60 million people and contributes 40% to total exports. "We are a country of young people and local markets and local expertise with a target of developing 500 million skilled people by the year 2022. Private sector has a pivotal role to play a major way, which would be by PP," he said.

India's data centre mkt to peak at Rs 10,000 crore by 2011: IDC

With the economy on a road to recovery, the data centre services market in India is expected to witness a CAGR growth of 22.7% over the two-year period of 2009-2011 and touch Rs 10,000 crore by the end of 2011, research firm IDC said. The overall India data centre services market was estimated at Rs 6,300 crore in 2009.

With the cost of bandwidth going down, the data centre hosting in India is expected to become cheaper. At the same time heightened interest in implementation of technologies like cloud computing and grid computing in data centres, the India market is expected to be a long-term growth opportunity. According to IDC, the key verticals that contributed nearly 80% of third party data centre services revenue in 2009 were manufacturing and IT/ITeS, with the third party data centres constituting about 18% of the total revenues. IDC expects this to go up to 22% by 2011. Captive data centres (captives) are expected to grow at a CAGR of 19.9% during the same period, with manufacturing and banking, financial services and insurance showing

high deployment. Also, demand from the government sector is expected to pick up in 2010 and beyond.

“Third party data centre services are gaining traction with enterprise customers due to the lack of in-house skills, high investments and long gestation period that a data centre calls for”, said Ravikant Sharma, senior analyst, user research, IDC India. The fast evolving ecosystem comprising high speed internet bandwidth service providers, data centre hosting players, power and cooling solution providers, hardware vendors and system integrators will spur this growth in two years, says IDC.

M&E industry poised to grow at 13% over next five years

The Indian media and entertainment industry is slated to grow at a compounded annual growth rate (CAGR) of 13 per cent over the next five years to Rs 1,09,100 crore, according to a report by the Federation of Indian Chambers of Commerce and Industry (Ficci) and research firm KPMG. The gaming and the animation segments are expected to lead among all others with an expected CAGR of 32 per cent and 18.7 per cent respectively over the next five years.

The industry witnessed a tough phase in 2009 recording a marginal growth of 1.4 per cent to Rs 58,700 crore due to the economic slowdown and reduction in advertising spends. However, despite the slowdown, the TV industry grew 6.8 per cent in 2009.

The film industry contracted 14 per cent in 2009. Over the next five years, the industry is projected to grow at a CAGR of 9 per cent and reach Rs 13,700 crore. Growth drivers for the sector would include expansion of multiplex screens resulting in better realisations, an increase in the number of digital screens facilitating wider releases, higher cable and satellite revenues, improving collections from the overseas markets and ancillary revenue streams like DTH, digital downloads, etc, which are expected to emerge in future.

In the last year, the print media industry showed a very moderate growth of 2 per cent as there was a decline in advertisement revenues, which was partly offset by the growth in circulation revenues. The industry is projected to grow at a CAGR of 9 per cent and reach around Rs 26,900 crore by 2014.

Radio, like other sectors, was affected by the recession too. However, it is expected to grow at a CAGR of 16 per cent over 2010-14 and reach a size of Rs 1,640 crore by 2014.

The size of the Indian music industry was estimated at around Rs 830 crore, up from Rs 730 crore in 2008, implying a growth of 14 per cent during the reporting period. It is expected to grow at a CAGR of 16 per cent over 2010-14 to reach Rs 1,720 crore. Gaming is expected to be the fastest growing sector in the M&E industry. While the sector showed a 22 per cent growth in 2009, it is expected to grow at a CAGR of 32 per cent in the next five years to reach Rs 3,200 crore by 2014.

Foreign Education Bill finally gets Cabinet nod

After several years of debate, the Union Cabinet unanimously approved a Bill that would allow foreign education providers to set up campuses in India and offer degrees.

A Bill to this effect was first introduced in the Rajya Sabha in August 1995. The new one is expected to be introduced in Parliament — it is not clear which House — and be voted into law by the monsoon session.

“This is a milestone which will enhance choices, increase competition and benchmark quality. A larger revolution than even in the telecom sector awaits us,” said Kapil Sibal, Union minister for human resource development (MHRD).

MHRD sources say around 50 foreign universities had already evinced interest in setting up campuses in India.

In November 2009, Sibal met presidents and other representatives of Harvard, Yale, Massachusetts Institute of Technology and Boston University, among others, who were keen to set up campuses in India or have twinning arrangements with universities here.

The Foreign Educational Institutions (Regulation of Entry and Operations, Maintenance of Quality and Prevention of Commercialisation) Bill will allow foreign universities to invest at least 51 per cent of the total capital expenditure needed to establish the institute in India. Such institutes will be granted deemed university status under Section 3 of the Universities Grants Commission (UGC) Act, 1956.

The Bill aims to regulate the entry, operation and maintenance of quality assurance and prevention of commercialisation by foreign educational institutions, besides protecting the interest of the student community from sub-standard and ‘fly by night’ operators.

“Though 100 per cent FDI is allowed in the education sector, the current legal structure in our country does not allow granting of degrees by foreign educational institutions on Indian soil,” Sibal told.

In 2008, around 140 Indian institutions and 156 foreign education providers were involved in academic collaborations. Of the foreign providers, 90 have university status and 20 have college status. Other institutions are those for training or further education. The total number of collaborations was 225 and with each collaboration having more than one programme delivery, the total number so delivered is 635.

Experts say the highest number of collaborations are in management and business administration, 168 of the total of 635, or 26 per cent. The next most offered discipline for collaboration is engineering and technology/computer application/information

technology, having 144 or over 22 per cent of such programmes, followed by hotel management and housekeeping, with 132 or over 20 per cent.

GSM subscribers up 13 m in Feb

The GSM subscriber base in the country crossed 400 million with 13 million user additions in the month of February. The subscriber base in February grew by 3.29% over last month according to the data released by the Cellular Operators Association of India (COAI).

Bharti Airtel's mobile subscriber base touched 124 million during the month, registering close to 2.9 million-subscriber additions which reflect a growth of 2.39% for the company. The company's market was 30.55% at the end of the month. Vodafone Essar, the country's second-largest GSM operator added over 3 million subscribers, an addition of 3.28%, thus recording a mobile user base of 97 million during the month. The company had a subscriber market share of 23.84% at the end of the month.

BSNL, the country's second largest telecom operator had 61 million subscribers at the end of February and a market share of 14.96%. The company added only 1.5 million subscribers. While Idea Cellular recorded a mobile user base of over 62 million during the month, adding 2.2 million subscribers and registering a market share of 15.23%. The growth in the subscriber base was 3.77% compared to the additions in January.

FDI inflow in food processing doubles in April-Dec '09-10

The food processing industry has emerged as a clear winner when it comes to attracting foreign investment into the sector. While the total FDI into India dipped marginally, foreign capital in the food processing sector in the period April to December period (2009-10) has more than doubled.

Total FDI has dipped marginally to \$20.9 billion, compared with \$21.1-billion FDI inflow that the country received in the corresponding period last year.

From April to December, FDI inflow in food processing sector was Rs 937 crore as compared to Rs 455 crore during the financial year 2008-09. The major investments that came India's way during this period include PepsiCo Panimex investing in PepsiCo India Holdings in two installments of Rs 243 crore and Rs 244 crore each.

While explaining the reason for the hike in investments, Amrit Lal Meena, joint secretary, ministry of food processing industries said, "The fiscal benefits that have been accorded to this sector in the last five years have made this sector highly investment friendly. Besides, the rich agro climatic diversity and availability of raw materials for a longer period allows tremendous scope of processing as a result there is a huge potential in this sector."

Other significant investments include, Nissin Foods (Asia), which invested Rs 50 crore in Bangalore- based Indo Nissin Food during the current fiscal. Other major investments during this period are— Lotte Confectionary invested Rs 23 crore and Rs 7 crore in Delhi based Lotte Foods in two installments, Shoprite intel invested Rs 20 crore in Megasave Trading Ltd. More investments were seen during this period— Unibic Mauritius invested in Unibic Biscuits in several installments of Rs 3 crore, Rs 8 crore, Rs 2 crore, Rs 5 crore each during the current fiscal. India Business Excellence Fund invested Rs 7 crore in Parag Milk Foods.

Auto industry records highest ever sales this financial year

The domestic auto industry is set to hit an all-time high sales figure of 12.2 million units in 2009-10, surpassing the previous sales record of 10.1 million units in 2006-07.

The strong growth is in terms of passenger car volumes, two-wheelers and commercial vehicles. This also represents a growth of 25.48 per cent over 2008-09 (9.7 million units).

The phenomenal growth rides on the back of a low base, new launches-primarily in the compact car category-lower interest rates and the 4 per cent reduction in excise duty as part of the fiscal stimulus.

Rajiv Dube, president, Tata Motors, said: “The 25 per cent growth in 2009-10 is a two-year growth happening in just one year as the last financial year was nearly flat. If financing continues, as over 60 per cent of the vehicles are purchased on finance, it is expected that the demand would be sustainable in the medium to long term though it may not be as high as this.”

The growth for 2009-10 would also be more than double of what the industry had predicted earlier. At the beginning of the financial year, the Society of Indian Automobile Manufacturers (Siam) had predicted low single-digit growth for the sector. Later, the figure was revised to low double-digit growth following a spurt in sales during the festive months.

“The Indian automobile industry has recovered faster than any other market, post the global meltdown and we expect sales to cross the 12 million unit mark in 2009-10. Out of these passenger vehicles will be approximately 2 million units this time,” Dilip Chenoy, director general, Siam, said.

As per Siam, passenger vehicle sales in the country have gone up by 26.1 per cent between April and February at 1,750,139 units, as compared to 1,387,545 units in the corresponding period of the last fiscal.

“March has always been a high growth year for the industry and this time also we expect the overall industry to grow by over 30 per cent by this month end compared to

the same period last year. This, despite the two consecutive hike in car prices and a marginal increase in interest rates,” Ankush Arora, vice president (sales and marketing), General Motors India, said.

PC sales log 42% growth as downturn fears wane

After a deep lull, the PC industry has reason to cheer. According to figures released by industry body Mait, total PC sales registered a growth of a whopping 42% at 20 lakh units during the quarter ending December 31, 2009 against the same period last year. The study also estimates that total PC sales for the financial year 2009-10 to grow at a rate of 7% and touch 7.3 million units.

This would mean that after a showing a dip in the last financial year, PC sales would rebound to the 2007-08 levels. Total PC sales during the fiscal year 2007-08 were 7.3 million while in 2008-09 they dipped to 6.8 million.

“The impact of the global economic recession is now well behind us and the IT hardware industry in India is once again on a growth path,” said Vinnie Mehta, executive director, Mait. He added that the corporate sector, which had displayed significant caution in IT spending over the past five quarters, led the growth in consumption. In terms of verticals, consumption was higher in telecom, banking, education, SMEs, BPO/IT-enabled services and the e-governance initiatives. Moreover, the consumer segment is also picking up.

During the quarter, while the sale of desktops stood at 13.5 lakh units—a growth of 27%, notebook sales were 6.6 lakh units, registering a jump of 90% on a year-on-year basis.

“Barring last year, notebook sales have mostly shown a growth of around 100%, so the number is not surprising. However, the netbooks (the compact, low-cost version of notebooks) as a category, which was almost non-existent a year back, is picking up fast,” said Mehta.

Though the study has not given out individual number of netbook sales, it is estimated that during the first six months of the year, around 70,000-80,000 units were sold. As per the study done in partnership with market research firm IMRB, the assembled desktops accounted for 35% of the desktop sales during the quarter, while the proportion of the branded desktops was 65%.

Multinational company brands accounted for 52% of the market, while the Indian brands accounted for the rest 13%.

The server market also grew by 35% on a year-on-year basis. Over 27,000 units of servers were consumed in the third-quarter of 2009-10, according to the study.

Coir exports to exceed target

A four-fold increase in export of curled coir in February would help the sector to register impressive gains during the current financial year that ends in March.

Cumulative exports during the first eleven months of 2009-10 are already higher by 13% when compared to the entire 2008-09. Export realisations till now in 2009-10 has been estimated to be around Rs 623 crore and the volume was around 189,858 tonne.

Exports have already exceeded the target for this fiscal and may end up somewhere between Rs 730-740 crore, sources at the state-run Coir Board said. Exports during the period April-February 2009-10 was estimated to be around 249,529 tonne valued at Rs 707.44 crore as against 174,240 tonne valued at Rs 578.76 crore during the same period last fiscal.

In February alone, volume of exports went up by 85% and value by 24% as compared to the same period last year.

The impressive export performance has come because of strong demand from China , which has been consuming enormous volumes of curled coir and fibre from India .

Export of curled coir in February alone rose 1,677% in volume terms and 1,458% in value terms.

Similarly, coir fibre exports during the same month has increased by 452% in volume terms and 375% in value terms.

External Sector: Foreign Trade April-October 2009

Region/Country	Export		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	122463.2	91652.2	-25.2
Africa	7262.0	5866.6	-19.2
Egypt	867.5	639.6	-26.3
Ghana	268.3	195.7	-27.1
Kenya	590.2	476.9	-19.2
Mauritius	171.7	115.5	-32.8
Nigeria	857.3	749.1	-12.6
South Africa	970.4	789.5	-18.6
America	17654.9	13352.6	-24.4
Brazil	1088.9	723.0	-33.6
Canada	841.9	635.2	-24.5
USA	13608.5	10390.3	-23.6
Asia (excl. Middle East)	27571.4	23271.8	-15.6
Bangladesh	1587.4	1213.6	-23.5
China	5255.9	4699.4	-10.6
Hong Kong	4370.6	3974.3	-9.1
Indonesia	1393.1	1459.8	4.8
Japan	1781.9	1239.5	-30.4
Korea DPR (North)	297.0	28.8	-90.3
Korea Republic (South)	1212.5	883.3	-27.1
Malaysia	1722.8	1499.9	-12.9
Nepal	600.9	480.4	-20.1
Pakistan	859.1	872.4	1.5
Philippines	492.7	418.2	-15.1
Singapore	3160.6	2859.4	-9.5
Sri Lanka	1048.5	778.2	-25.8

Taiwan (Taipei)	624.1	316.0	-49.4
Thailand	1367.2	908.6	-33.5
Viet Nam	1012.6	856.3	-15.4
Middle East	20032.3	16391.9	-18.2
Iran	793.2	887.8	11.9
Israel	1026.1	710.5	-30.8
Kuwait	491.2	431.8	-12.1
Oman	456.0	445.7	-2.2
Saudi Arabia	2580.2	1683.8	-34.7
Syria	225.5	206.9	-8.3
UAE	12987.4	10780.4	-17.0
Yemen	289.2	221.4	-23.4
Europe	25247.2	18061.7	-28.5
Belgium	3120.0	1859.2	-40.4
France	1738.8	1455.9	-16.3
Germany	3914.5	2819.7	-28.0
Italy	2453.9	1735.2	-29.3
Netherlands	2107.6	1581.4	-25.0
Russia	737.1	510.9	-30.7
Spain	1613.2	1093.5	-32.2
Turkey	1020.4	733.6	-28.1
UK	4064.4	3240.9	-20.3
Oceania	1154.1	908.2	-21.3
Australia	916.1	717.4	-21.7

Region/Country	Import		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	210492.5	147981.3	-29.7
Africa	7042.3	5024.1	-28.7
Algeria	84.4	14.4	-82.9
Angola	7.0	3.1	-55.4
Egypt	268.0	137.2	-48.8
Libya	0.4	9.4	2303.7
Nigeria	62.9	50.4	-20.0
South Africa	3836.6	3013.3	-21.5
America	16190.0	11812.9	-27.0
Brazil	744.1	1163.9	56.4
Canada	1480.4	1084.4	-26.7
Chile	1037.2	410.4	-60.4
Mexico	503.9	179.3	-64.4
USA	11719.3	8459.8	-27.8

Asia (excl. Middle East)	51087.8	40832.7	-20.1
China	21376.8	17193.0	-19.6
Hong Kong	3904.8	2052.3	-47.4
Indonesia	3901.2	4484.5	15.0
Japan	4763.1	3640.8	-23.6
Korea Republic (South)	5496.5	3961.2	-27.9
Malaysia	2321.2	1883.0	-18.9
Singapore	3532.4	2667.3	-24.5
Taiwan (Taipei)	1650.7	1253.9	-24.0
Thailand	1666.0	1570.4	-5.7
Middle East	15716.9	9097.4	-42.1
Iran	881.8	619.5	-29.7
Iraq	29.6	21.3	-28.0
Israel	1444.8	916.9	36.5
Kuwait	284.0	142.6	-49.8
Oman	360.1	324.9	-9.8
Qatar	436.8	260.0	-40.5
Saudi Arabia	1084.3	874.2	-19.4
UAE	9758.1	5258.8	-46.1
Yemen	7.3	6.9	-5.9
Europe	41646.8	29247.0	-29.8
Belgium	4153.4	2931.6	-29.4
Finland	703.4	565.0	-19.7
France	2941.4	1632.5	-44.5
Germany	7077.1	5541.7	-21.7
Italy	2871.6	2002.7	-30.3
Netherlands	1257.1	822.5	-34.6
Norway	731.8	371.2	-49.3
Russia	2632.1	1581.3	-39.9
Spain	664.7	629.0	-5.4
Sweden	1260.7	853.4	-32.3
Switzerland	9237.1	6759.2	-26.8
Turkey	431.7	240.6	-44.3
UK	3900.9	2388.7	-38.8
Oceania	7908.9	6239.2	-21.1
Australia	7428.6	5901.1	-20.6
