



**Ministry of External Affairs**  
**Government of India**  
**Monthly Economic Analysis**  
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**Contents**

<b>1.</b>	<b>Recent Trends in Indian Economy</b> <ul style="list-style-type: none"><li>• <i>Industrial Growth</i></li><li>• <i>Core Sector Growth</i></li><li>• <i>Trends in inflation</i></li><li>• <i>Monetary indicators</i></li><li>• <i>Foreign Trade</i></li><li>• <i>Foreign investment</i></li></ul>	<b>Page 2- 4</b>
<b>2.</b>	<b>Lead Stories of the Month</b> <ul style="list-style-type: none"><li>• <i>India's service sector growth at two-year high in June</i></li><li>• <i>RBI hikes repo, reverse repo rates by 25 bps</i></li><li>• <i>IIP surges to 11.5 pct in May</i></li><li>• <i>Asian nations told to adopt India's growth model</i></li><li>• <i>Core infra industries grow by 3.4%</i></li><li>• <i>India will add 110m people to global workforce by 2020: Study</i></li><li>• <i>Rupee becomes only 5th currency to get a symbol</i></li><li>• <i>Exports grow 30.4% in June at \$17.75 bn</i></li><li>• <i>GST can push up economic growth by 1.5 pc: Montek</i></li><li>• <i>India to become a \$5 trillion economy soon: Folmsbee</i></li><li>• <i>Let foreigners set up LLPs in areas open to FDI</i></li><li>• <i>DIPP initiates exercise for FDI tweaks in wholesale trade</i></li><li>• <i>Govt makes case for FDI in multi-brand retailing</i></li><li>• <i>India's FX reserves at \$281.901 bn as of July 16</i></li><li>• <i>French investments in India to touch Rs 60,000 cr by 2012</i></li><li>• <i>EU asks India to further open economy to FDI</i></li><li>• <i>Tax havens turn a big draw for investments from India</i></li><li>• <i>FDI lock-in period in realty may apply to 'original' \$5 m</i></li></ul>	<b>Page 4-39</b>

	<ul style="list-style-type: none"> <li>• <i>Forex reserves jump \$1 billion to \$283 billion</i></li> <li>• <i>India commits \$ 6.7 mn to African bank</i></li> <li>• <i>Iran to sign investment protection pact with India</i></li> <li>• <i>India &amp; Singapore seek early conclusion of Asean FTA</i></li> <li>• <i>India-Malaysia trade pact to be ready by September</i></li> <li>• <i>After Japan, Canada to partner Vibrant Gujarat 2011</i></li> <li>• <i>India, China dominate exports to UAE</i></li> <li>• <i>Cameron's India visit will focus on bilateral trade</i></li> <li>• <i>India, Oman in pact for \$100-m investment fund</i></li> <li>• <i>India, Japan launch pilot project to monitor natural disasters</i></li> <li>• <i>'Trade between India, Bhutan to grow 10%'</i></li> <li>• <i>Ambassador pitches for stronger Indo-Saudi trade ties</i></li> <li>• <i>Myanmar invites Indian investments</i></li> <li>• <i>India, UK to double trade in 5 years: PM</i></li> <li>• <i>Cement production will rise 10%'</i></li> <li>• <i>Pharma business to double in 2 years, says AIOCD</i></li> <li>• <i>Two-wheelers vroom into rural India to end June on a high</i></li> <li>• <i>Handicraft exports may touch Rs 10,000 cr mark</i></li> <li>• <i>Passenger vehicles to register 12-13% growth in 2010-11: Siam</i></li> <li>• <i>Ficci moots skill development fund for food sector</i></li> <li>• <i>Global costume jewellery market reviving: Export council</i></li> <li>• <i>India sees highest rise in natural gas output in '09</i></li> <li>• <i>SEZ exports in Q1 rise 68% to Rs 58,757 cr</i></li> <li>• <i>Healthy growth in traffic, user base to drive telecom results</i></li> <li>• <i>Spices hot up, exports rise 17% in Q1</i></li> <li>• <i>Domestic airlines post 22% growth in June</i></li> <li>• <i>Cashew exports recover on demand</i></li> <li>• <i>Higher ad spend to spur broadcasters' revenue growth by 39%</i></li> <li>• <i>Tyre industry to see strong growth this financial year</i></li> <li>• <i>IT, BPO to create 30m jobs by 2020: Nasscom</i></li> <li>• <i>DoT amends telecom licence rules</i></li> <li>• <i>Entertainment, media seen at Rs 1L cr</i></li> </ul>	
3.	<b>Foreign Trade Statistics</b>	<b>Page 39-41</b>

## **Recent Trends in Indian Economy**

### **Industrial Growth**

- GDP growth in the year 2009-10 has been one of the highest achieved globally during the difficult times. The RBI has projected that growth in the year 2010-11 will be 8.5 percent. The primary international agencies such as the IMF also forecasted country's GDP for the year 2010 to be 9.5 percent and Asian Development Bank will come with a revised forecast in its review in September this year.
- The Q1 FY 11 industrial production numbers showed adequate growth of 11.6 percent as against the growth of 3.9 percent in the same quarter of the previous year. As always, the growth was on the back of heavyweight manufacturing sector that posted a strong growth of 12.2 percent as against the growth of 3.4 percent recorded previously. The categories of overall industry as per the use base classification namely the capital, intermediate and basic goods grew substantially during the first quarter of FY11 compared to the previous year. Rise in the consumer goods segment continued on account of strong sales in the consumer durables category.

### **Core Sector Growth**

- Marginal increase in the growth was seen in the six core infrastructure industries, which averaged at 4.6 percent during opening three-month period of present fiscal compared to 4.3 percent in the corresponding period of previous year. Except for the coal sector all the other sectors have shown a positive increase.

### **Trends in inflation**

- Inflation remains a major concern for the government. Steps taken to curb the rising inflation did not have a lasting impact on the rising prices. Inflation has touched double digit and continues to haunt even in June this year mainly due to the rising prices of primary articles, which include the food and the non-food articles. This is joined by high fuel prices when a price revision was announced very recently and three items under the manufactured category, namely the textiles, wood and wood products and basic metal and metal products. The concern over food prices remains unaddressed. The challenge that lies before the government is to meet the set annual target of containing inflation to 5.5-6.0 percent.

## **Monetary indicators**

- The central bank has also introduced the base rate system from July 1, 2010 replacing the existing Benchmark Prime Lending Rate (BPLR). The banks will from now on price the loans with reference to the base rate. The introduction of the base rate was aimed to enhance transparency in lending rates of banks, however, there is less excitement among the highly rated corporates as their fear that funds may come costlier than before. Small companies on the other hand may be in a position to negotiate rates to their advantage.

## **Foreign Trade**

- The revival in the international demand gave scope to our merchandise exports to expand. The expansion in the first three months of FY11 took exports to USD 50.7 billion (32 percent growth). The exports went up for the third consecutive month of the present fiscal registering growth of 30 percent and so were the imports that grew by 23 percent. However, country's exports have mostly been lesser in value than the imports and the trade gap has widened even more. The high imports indicated growing domestic consumer demand and industrial demand supported by present position of forex reserves which is enough to cover 10 months of imports.

## **Foreign investment**

- Total foreign direct investments received by the country in Q1 of 2010-11 was USD 10.3 billion, this number was lower compared to the investments of USD 15.1 billion received in the corresponding quarter of the previous fiscal. The month wise long term foreign direct investment received showed moderation (from USD 2.2 billion in May to 1.3 billion in June 2010).

## **Fiscal Management**

- In Q1 of 2010-11 the total government expenditure stood at Rs 242208 crores. This showed a growth of 23 percent over the previous year. In contrast, the total revenue receipts soared significantly from Rs 71995 crores in 2009-10 to Rs 199810 crores during the same period of the present fiscal. This jump of revenue receipts led to a decline in fiscal deficit.

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## **Lead Stories of the Month**

### **India's service sector growth at two-year high in June**

India's services sector expanded at its fastest clip in two years last month, led by increases in business expectations and new orders.

After dipping slightly in May, the HSBC Markit Business Activity Index, based on a survey of 400 firms, rose to 64.0 in June from 58.2 last month, pointing to a substantial rate of growth. Any figure above 50 indicates expansion.

The survey also showed that Indian services companies raised their charges for the seventh month running but that charge inflation rate was still weaker than the 20-month peak in April. The Reserve Bank of India raised its key short-term lending and borrowing rates by 25 basis points each after the market close on Friday, citing worries over inflation. The move came almost a month ahead of its scheduled review.

Official data last month showed the wholesale price index rose an annual 10.16 percent in May up from 9.59 percent in April, driven mainly by higher food and energy prices. Policymakers expect inflation to ease on better prospects for crops from good monsoon rains, but rise in fuel prices could drive it higher. The government which had been mulling a fuel price hike for a while, last month freed up state-subsidised petrol prices and raised the prices of other fuels.

### **RBI hikes repo, reverse repo rates by 25 bps**

The Reserve Bank of India (RBI) raised key short-term policy rates by 25 basis points, in an unscheduled announcement, to tame doubled-digit inflation, but bankers said this wouldn't lead to any hike in interest rates for now.

The increase in rates comes ahead of the July 27 policy review by the apex bank, which feels that money supply in the system has started easing in contrast to the crunch felt just a fortnight ago when corporate demand for funds shot up.

RBI's decision to increase the short-term rates at which it lends (repo) and borrows (reverse repo) money from commercial banks, however, may not have any immediate impact on the interest rates which home and car loan seekers and corporate borrowers pay, say bankers.

Hike in repo and reverse repo by 25 basis points to 5.50 per cent and 4 per cent, respectively, "should contain inflation and anchor inflationary expectations going forward, while not hurting the recovery process", said the RBI.

Wholesale prices-based inflation crossed double digits (10.16 per cent provisionally) in May, but as per final figures the rate of price rise has been 11 per cent or more since February. Food inflation eased to 12.92 per cent in the third week of June from above 16 per cent.

Justifying its mid-course action, the RBI said, "The developments on the inflation front, however, raise several concerns...Food price inflation and consumer price inflation remain at elevated levels. There has been some moderation in food price inflation, but the price index of food articles continues to increase."

RBI had earlier increased the repo and reverse-repo rates by 25 basis points in April.

On the impact of hike in key rates on interest rates, State Bank of India (SBI) Chairman O P Bhatt said, "RBI's move may not impact interest rate till July 27...RBI's (move will) not impact base rate of SBI."

The bank would think of some decision only after the monetary policy review on July 27, said the chief of SBI, which this week pegged the base rate, the minimum lending rate, at 7.5 per cent.

### **IIP surges to 11.5 pct in May**

Industrial output rose by 11.5 per cent in May, growing in double digits for the eighth straight month, on good showing by manufacturing, particularly capital and consumer goods.

In comparison, industry grew by 2.1 per cent in May last year.

The manufacturing segment, which constitutes around 80 per cent of the index of industrial production (IIP), grew 12.3 per cent in May against 1.8 per cent in same month last year, according to the official data released.

Within manufacturing, capital goods production rose by 34.3 per cent in May against a negative growth rate of 3.6 per cent a year ago.

Consumer durables output rose by 23.7 per cent during the month under review against 13.2 per cent in the same period last year.

The other two sectors, mining and electricity, expanded by 8.7 per cent and 6.4 per cent in May, respectively against a growth rate of 3.4 per cent and 3 per cent in the same period last year.

According to the data, of the 17 industries, as many as 15 showed positive growth in May.

The industrial output for April was revised downwards to 16.52 per cent from provisional figures of 17.6 per cent earlier.

### **Asian nations told to adopt India's growth model**

Asian Development Bank(ADB) has hailed India's move to make inclusive growth central to its development agenda and suggested other Asian economies follow the country's example.

ADB has also highlighted the need for Asian region public and private sectors to work together to achieve inclusive growth.

“No inclusive growth strategy can succeed without the support of private sector. Many economies in Asia, including India, are now embracing inclusive growth as central element of their development plans,” ADB said in a book ‘Poverty, Inequality and Inclusive Growth in Asia, Management, Policy Issues and Country Studies’.

The Bank stressed on growing discrepancies in wealth and persistent gaps in access to social services in Asia and asked governments to address policy issues and institutional weaknesses. It also said in the last two decades Asia’s per capita gross domestic product has expanded almost three-fold and percentage of people living below poverty line has nearly halved.

However, Asia is still home to two-thirds of the world’s poorest people.

“Rising inequalities in income and access to employment and social services in Asia are casting a shadow over its unprecedented economic boom, and governments and the private sector need to work together to make the benefits of growth more inclusive,” the book said.

“While in a big portion, little progress has been made on key social indicators, such as child and maternal mortality rates, inequalities in income and non-income indicators have widened in many countries, particularly between large urban centres and the countryside,” ADB said. It said an effective inclusive growth strategy is needed to focus on high growth to create productive jobs and initiate social inclusion.

### **Core infra industries grow by 3.4%**

Growth in key infrastructure sectors slowed to 3.4 per cent in June, the lowest performance in 10 months, prompting economists to hint that robust industrial expansion may drop to single digit.

The six infrastructure industries, with 26.7 per cent weight in the total factory output, saw its pace slowing down in June under the impact of a sharp decline in output growth in cement, electricity and coal.

The infrastructure industries had expanded by 6.3 per cent in June last fiscal. In May this year, the growth was five per cent.

The year-on-year growth in June this fiscal was the lowest since July, 2009-10 when it expanded by only 3.2 per cent.

For the month under review, growth in coal and cement production dipped by 0.9 per cent and 3.6 per cent, respectively over 15.2 per cent and 12.7 per cent in June 2009-10.

Increase in electricity generation came down to 3.4 per cent against 7.7 per cent in the same period last year.

"IIP will slowdown and go in single digit. We need to clear the projects much quickly to add more and more capacities," economic think-tank ICRIER Director Rajiv Kumar said.

"The dip will impact the IIP which may come down to single digit," Crisil principal economist DK Joshi said.

Industrial output in May grew by 11.5 per cent in May.

Crude oil and petroleum refinery products grew by 6.8 per cent and 2.9 per cent in June compared to 4 per cent and (-) 3.8 per cent in the year ago period respectively.

Finished steel production grew by 3.5 per cent in the month under review from 3.6 per cent in the year ago period.

In the first quarter of this financial year, the six core sectors registered a growth 4.6 per cent against 4.3 per cent in the same period last year.

### **India will add 110m people to global workforce by 2020: Study**

A demographically young India will be the largest contributor to the global labour force in the coming decades, and will add about 110 million workers by 2020, a study by Goldman Sachs said.

In contrast, China's labour force will increase by 15 million and Japan's will decline by 3 million over the next 10 years. The growth of workforce in Brazil and US will be lower than that of China.

The study said that India's labour force is expanding at a time when many other countries are facing "ageing-related issues" (older populations) and shrinking workforce.

India's workforce growth, it added, will be driven by people in their 30s and 40s, urbanisation, and rise in number of working women.

"India will likely provide the largest increase to the global labour force over the next few decades. Our projections suggest that its labour force may rise by 110 million this decade," said the study, India's Rising Labour Force.

"Our projections take into account increases to the labour force participation rate due to a favourable age structure. Thus, our labour force projections are higher than those of the ILO (80 million)," it added.

The study said that nearly half of the increase in the labour force in the next 20 years will come from the "thorites" (people in their 30s and 40s) age group, which tend to be the peak years for earnings, savings and productivity.

Besides, increasing urbanisation and a large number of women potentially entering the workforce will stoke the trend, it added.

"We estimate that an additional 290 million Indians may urbanise by 2030, and a staggering 640 million by 2050," the study said.

### **Rupee becomes only 5th currency to get a symbol**

In keeping with India's growing economic might and its status as a major investment destination, the hitherto humble rupee is all set to get a distinct identity in the form of a new symbol. The Union Cabinet gave its approval to the symbol which combines the Roman letter 'R' with the Devnagri 'Ra' .

The symbol will catapult the rupee into the company of four 'elite' currencies which have similarly distinct identities-the US dollar, euro, yen and British pound.

The symbol has been designed by D Udaya Kumar, an IIT Bombay post-graduate , who has just joined as a teacher at IIT Guwahati. Kumar will receive a prize money of Rs 2.5 lakh for his efforts. The symbol will standardize the expression for the Indian rupee in different languages, both within and outside the country.

"It's a big statement on the Indian currency. It would distinguish the rupee from those countries whose currencies are also designated as rupee or rupiah, such as Pakistan, Nepal, Sri Lanka and Indonesia," I&B minister Ambika Soni said after the Cabinet meeting. The symbol, she added, would reflect the strength and robustness of the Indian economy.

Till now, the Indian currency was simply denoted by Rs or INR. Kumar's symbol was chosen after a public competition was held among resident Indian citizens inviting entries for a symbol which "reflects and captures the Indian ethos and culture".

Over 3,000 entries were received. These were evaluated by a jury headed by the RBI deputy governor, which included experts from reputed art and design institutes.

"The entries were presented to the jury in such a manner that the identity of the competitors was not revealed to the jury members. The jury selected five final entries and also gave its evaluation of these five entries to the government to take a final decision," said Soni.

### **Exports grow 30.4% in June at \$17.75 bn**

Exports continued their upward trend with a growth of 30.4% in June, at \$17.75 billion against \$13.5 billion in the corresponding month a year ago. Meanwhile, trade secretary Rahul Khullar said, that country's \$13-billion current account deficit is manageable and will be covered by capital inflows, playing down concerns about the worst shortfall in nearly 3 decades. The current account deficit figure for the current

June-August quarter has not yet been made public, the deficit widened to \$13 billion in the January-March quarter, the biggest since 1981, compared to \$12.2 billion in October-December, official data showed.

In June 2009 exports had nosedived almost 28% as the global economic slowdown intensified. "There is a problem in Europe...the mood is not good out there (still)," Khullar said. He drew attention to the fact that the June figures once again had a strong base effect to it. On a sequential basis, exports have now grown steadily since November 2009 after more than a year's decline.

In the first quarter of the current fiscal year, exports were valued at \$50.6 billion with an overall growth of 32.25% over the previous year. Imports for June surged 23% at \$28.3 billion against \$22.6 billion in June 2009 widening the country's trade deficit to \$10.55 billion. Trade favored imports in May by \$11.3 billion, according to the ministry of commerce and industry's revised trade figures.

In the April-June period imports increased 34% to \$83 billion, leaving the country with a trade deficit of \$32.2 billion during the first four months of the fiscal.

The sectors that have performed well in June are petroleum and oil products that grew 66%, engineering that increased 90% and gems & jewellery exports that increased 24%. However, exports of ready-made garments and tea continued to be in the red. The former contracted 14% in June.

### **GST can push up economic growth by 1.5 pc: Montek**

Making a strong case for implementation of Goods and Services Tax (GST), the Planning Commission said the new tax regime could push up economic growth by 1.5 percentage points.

"Lots of people believe that one to one-and-a-half percentage points of growth could come from efficiency enhancement of the tax regime and that is not small," Planning Commission Deputy Chairman Montek Singh Ahluwalia said when asked about the impact of GST.

His statement comes a day after Finance Minister Pranab Mukherjee emphasised that the new indirect tax regime could double the economic size of the country to USD 2 trillion in a short span of time.

Describing GST as an important reform, Ahluwalia said, "From the point of view of efficiency enhancement, it could probably be the biggest bang for the buck. So, I really hope that the states put themselves in a position where they and the Finance Ministry can agree on actually when can it be implemented."

The Prime Minister's Economic Advisory Council (PMEAC), however, said a considerable amount of work, including the tax structure, has to be put in place before

launching the GST, which would subsume various taxes including excise, service tax, VAT and purchase tax.

### **India to become a \$5 trillion economy soon: Folmsbee**

US Consul General Paul Folmsbee said that the Indian economy has the potential to grow further and is likely to touch the \$5 trillion mark in the near future.

"The Indian economy is growing fast and from the present \$1.2 trillion, it is expected to become a \$5-trillion economy very soon," Folmsbee, said without specifying a particular time frame while addressing management students at G S College of Commerce.

The Consul General, who was in the city today for a seminar on 'Indo-US relations' also emphasised on the need for both countries to focus on vital issues like energy crisis, technology transfer, climate change, higher education and small as well as medium enterprises.

On the higher education scenario, particularly at the University level, Folmsbee said many US varsities were in the process of setting up their establishments in the country with Columbia University already establishing its institution in Mumbai.

On his first visit to the orange city, Folmsbee said he was here to study the issues of regional interest.

### **Let foreigners set up LLPs in areas open to FDI**

The finance ministry has pitched for allowing foreigners to set up Limited Liability Partnerships (LLPs) in all the sectors open to foreign direct investment.

The ministry has written to the department of industrial policy and promotion, or DIPP, government body that frames foreign investment policy, to expeditiously take up the issue. "Allowing foreign direct investment in LLPs in line with the sectoral limits will encourage foreign investment and not complicate the current regulatory regime," said a finance ministry official.

The policy regime for limited liability partnerships, a form of business structure that combines features of partnership and limited liability company, is not yet settled though this new form of business organisation was allowed about a year ago.

"The existing FDI policy framework encapsulates only the corporate form of entity," says Akash Gupt, executive director, PwC. The finance ministry's thrust for a speedier decision comes after the Foreign Investment Promotion Board, the key government body that approved foreign investment proposals, received applications to set up LLPs with foreign partners.

## **DIPP initiates exercise for FDI tweaks in wholesale trade**

Even as the government is drafting a discussion paper on foreign investment in retail trade, the department of industrial policy & promotion (DIPP) has initiated an exercise to tweak the foreign direct investment policy for wholesale trading.

Responding to apprehensions raised by major players like the Sunil Mittal-led Bharti Group, which has a joint venture with Wal-Mart, the DIPP has sought the views of the finance ministry and the department of consumer affairs for amendments to the guidelines for FDI in this segment.

“Department of Consumer Affairs and Department of Economic Affairs are requested to kindly provide comments/views on the representations (from the industry players) to this Department at the earliest so that necessary clarification/amendments may be notified by the Department,” says a communication from the DIPP.

The move is significant since the government is keen to attract FDI in wholesale trading, also known as cash & carry trading, to spruce up the country’s distribution network and logistics, including cold chains for perishables.

The highlight of the FDI policy review for wholesale trading revolves around the 25% cap imposed on sales to group companies, imposed through the FDI guidelines which came into effect in April.

A number of players, including Bharti Ventures Ltd and Marubeni Corporation of Japan, have approached the government seeking clarifications on the guidelines, highly-placed government sources said on condition of anonymity.

The DIPP has now initiated a review of the guidelines by seeking the views of the department of economic affairs in the finance ministry and the department of consumer affairs.

Earlier this year, the finance ministry had proposed that trading between group companies should be allowed only to the tune of 25% of the turnover of the company which has a FDI component. Since the finance ministry felt that the retail trading policy would be vitiated in the absence of such a ceiling, it was incorporated in the guidelines for FDI in wholesale trade.

The issue is likely to be discussed soon and a formal meeting could be called if necessary, sources said.

Interestingly, the move comes at a time when the government is planning to come out with a discussion paper on FDI in retail.

There have been allegations in the past that the bar on FDI in retail was being bypassed through several windows including wholesale trading, franchisees and test

marketing. Therefore, the government has also specified a definition for wholesale trading – clearly stating that direct sale to consumers is not allowed.

A number of multinationals like Metro, Wal-Mart and Marubeni are engaged in wholesale trading operations in India. The government is trying to encourage more investment in back-end operations like cold chains in order to cut down post-harvest waste of agri commodities.

### **Govt makes case for FDI in multi-brand retailing**

After deregulating petrol prices and cutting subsidies on other fuels, including kerosene, the UPA government seemed to take the bull by the horns, pushing the politically sensitive proposal to allow unrestricted foreign direct investment (FDI) in the retail sector.

“Keeping in view the large requirement of funds for back-end infrastructure, there is a case for opening up of the retail sector to foreign investment,” the industry ministry said in a discussion paper released on Tuesday. The ministry set an early deadline of July 31 for all stakeholders to comment on its views, signalling the government's plan for immediate policy action.

The government move drove up the stocks of retail companies by as much as 5% on a day when the benchmark 30-share BSE Sensex rose 0.99%. Pantaloon Retail closed 4.84% higher, while Provogue closed up 3.98%. Other retail stocks like Shoppers Stop (2.02%) and Trent (3.19%) too moved up.

Official sources told that FDI in retail could be allowed in three phases. The industry ministry has already resumed discussions on allowing FDI in consumer electronics and sports goods retail and this would constitute the first phase. In the second phase, FDI in single-brand retail may be hiked from 51% to 100%.

After assessing the impact of the first two phases, the government would take a call on allowing FDI in the sensitive area of multi-brand retailing.

Calling FDI in retail an efficient measure to address the concerns of farmers and consumers, the ministry said in the paper that it would not only help farmers earn more but also keep the price-line under check.

At present, FDI in multi-brand retail is prohibited in India. In multi-brand retail, a retailer can sell different brands under the same roof. However, the government allows 51% FDI in single brand retailing and 100% in wholesale trade. This has led to global giants like Metro of Germany taking the ‘cash & carry’ route to establish business in India. In the cash & carry route, retailers are allowed to sell multi-brand goods to institutional buyers like hotels, restaurants, caterers and traders. Since the opening of single brand retail to FDI in April 2006, the sector has seen FDI of around Rs 900 crore.

## **French investments in India to touch Rs 60,000 cr by 2012**

Investments by French companies in India are expected to touch Euro 10 billion (around Rs 60,000 crore) by 2012, and would be focused on automobile, energy and environment sectors among others.

Jean Leviol, minister counsellor for economic, trade and financial affairs at the French Embassy in India, said that there were about 750 permanent French establishments in India, employing nearly 2,00,000 Indians, a fifth of them as engineers in French IT companies. The number was around 50,000 in 2005.

He said, "between 2008 and 2012, we expected French companies to invest Euro 10 billion. It is very much on track."

On the other hand, Indian companies in France had invested around Euro 500 million (around Rs 2,975 crore) between 2005 and 2010, he said. Currently 90 Indian companies are operating in France.

These investments were mainly driven by IT majors and pharmaceutical companies, "but now Indian companies are showing interest in mechanical engineering, plastic, medical devices and forging", he added.

### *Willing to help UID project*

The French government is willing to share its experience and expertise for India's Unique Identification Number (UID) project. Jerome Bonnafont, Ambassador of France, said that "we would be very happy to be partners in this [UID] project, since we have the experience of implementing a similar project in France".

In France, he said, it had begun as a Personal Identity Number system began in 1941 to organise recruitment of men in the army and subsequently evolved as an important tool for the social security among other uses.

## **EU asks India to further open economy to FDI**

The European Union asked India to further open its economy for foreign investments even as the country has taken tentative steps towards liberalising FDI in sensitive defence and multi-brand retail sectors.

"We would like India to further open its economy to EU investments," the Head of the Delegation of the EU to India, Daniele Smadja, said at a Ficci function.

She said that the 27-member economic bloc has an open regime for FDI and the EU want to take it forward with India.

"We are ready to commit to full openness towards Indian investment..." Smadja said.

The EU accounted for 27 per cent of FDI India received in 2009. The Netherlands, Germany and the UK are the main investors.

The Ambassador said the proposed comprehensive free trade agreement between India and EU would bring more predictability in the bilateral investment relations.

"Concluding the FTA negotiations will send clear signal of engagement on both sides...we need to seize this opportunity," she said.

She added the negotiations for the trade pact are likely to be completed this year.

Under the Lisbon Treaty, investment policy will be developed and managed at the European level giving the EU a strengthened negotiating hand.

"We will therefore be able to integrate both investment liberalisation and investment protection to our talks with India, which will make the agreement more comprehensive...," she added.

The EU is the largest investor in India but the biggest outlet for Indian investments abroad.

Tata's deal with Corus, Tata Motor's acquisition of Jaguar and Land Rover and Arcelor's acquisition by Mittal are some of the major bilateral investments.

India remained in the list of top ten countries in 2009 to have the highest FDIs in the world. In 2009, the country received FDI worth USD 34.6 billion, while the outward FDI was USD 14.9 billion, an UNCTAD report said.

The country has taken several steps including simplification of its foreign investment policy to attract FDI.

Recently, the industry ministry has started debate to open sensitive defence and multi-brand retail sectors to foreign investors. While 26 per cent FDI is allowed in defence, India does not permit it in multi-brand sector that employs about 33 million people.

### **Tax havens turn a big draw for investments from India**

Outbound foreign direct investment by Indian companies in tax havens such as the British Virgin Islands and the Channel Islands has seen a quantum jump in FY2010 compared with the previous financial year.

India's foreign direct investment (FDI) in the British Virgin Islands (BVI), one of the largest offshore jurisdictions in the world, jumped 102 per cent to \$542 million in FY2010 (\$268 million in FY2009), according to Reserve Bank of India data.

In the case of the Channel Islands, where no tax is payable by corporations or individuals on foreign income and gains, and non-residents are not taxed on local

income, Indian investments soared to \$516 million in FY2010 against just \$44 million in the previous year.

While BVI is a British Overseas Territory located in the Caribbean, the Channel Islands are part of British Crown Dependencies located in the English Channel.

### **FDI lock-in period in realty may apply to 'original' \$5 m**

Foreign players in the real estate business will soon have a reason to cheer. The department of industrial policy and promotion (DIPP) is considering a proposal which seeks to enable foreign players repatriate profits from their investments in the country save the 'original investment', which is \$5 million. This means that the minimum lock-in period for foreign direct investment in real estate, which bars repatriation of profits, would only apply to the stipulated original investment, which is pegged at \$5 million. Any amount invested over this can be repatriated.

Sources said the DIPP would reverse its earlier notification issued last year, which had termed original investment as the "entire investment" brought in by the foreign player in a project.

According to the foreign direct investment (FDI) regulations, a foreign investor has to bring in a minimum \$5 million to participate in a joint venture (JV) with an Indian developer while the rest of the money can be brought in later, in tranches. The rule says, "Original investment cannot be repatriated before a period of three years from completion of minimum capitalisation". Till now, the interpretation has been that the three-year lock-in applies only to the 'original' or 'minimum' investment of \$5 million and not to the entire money that the foreign investor puts in. For instance, if a foreign fund invests \$500 million, the interpretation has been that it can recover and repatriate up to \$495 million before three years while the balance \$5 million can be repatriated only after three years. However, last year, the department issued a notification saying original investment would apply to entire investments brought into the project, a move that was enough to wean them away from the Indian market and dampen their plans in India.

"The change will not warrant any tweak in the policy but a mere notification," a DIPP official said. "If the government maintains the spirit of the original Press Note and allows foreign players continue investing in the way they have been doing for the last five years, it would reinstate their confidence in the real estate sector. At a time, when realty sector is reviving in India, the proposed move may instill their confidence in the realty sector," said Delhi-based realty firm Ansal API marketing and brand head, James Mathew.

### **Forex reserves jump \$1 billion to \$283 billion**

Foreign exchange reserves rose sharply during the week ended July 23, largely on account of inflows through the portfolio investment route and partly due to revaluation of non-dollar assets in reserves.

The country's forex reserves rose by \$1,037 million in the week ended July 23. The reserves are at \$282.9 billion. The entire pile-up in reserves during the week was on account of the growth in foreign currency assets comprising dollars, British pounds and euro, among others.

All other components of reserves, including the value of gold in reserves, special drawing rights, or SDRs — the reserve currency with the International Monetary Fund — and the reserve capital with IMF, remained unchanged during the week.

Bulk of the inflows was through the foreign portfolio investment route, which could have been mopped by the central bank. Besides, the euro, too, has moved steeply against the dollar, adding to the revaluation of non-dollar reserve assets, said a senior treasury official with a private bank, requesting anonymity. He also said foreign investors had bought stocks worth around Rs 3,500 crore during the week.

Banks pulled out around Rs 26,000 crore parked in mutual funds to fund the loan demand during the fortnight ended July 16. While as per the updated money supply figures, the total stock of money comprising cash, currencies and deposits dipped Rs 31,581 crore during the fortnight ended July 16 to touch Rs 57,50,560 crore as on July 16. At current levels, the annual year-on-year (YoY) growth works out to 15.2% compared with 20.3% in the year-ago period.

In other developments, the government maintained surplus funds worth Rs 15,166 crore as on July 23 with RBI, up Rs 8,587 crore over the previous week's levels.

On the other hand, both the Centre as well as state governments did not resort to any short-term borrowing from the RBI. Such borrowings are resorted to by the government to meet its daily revenue mismatches. These short-term borrowings are known as ways and means advances (WMA) -a facility under which governments borrow from the RBI to meet their daily revenue mismatches.

### **India commits \$ 6.7 mn to African bank**

India has agreed to donate \$ 6.7 mn to the African Development Bank (AfDB) to conduct studies on the development projects in the continent.

"India has committed a support of \$ 6.7 million to the African Development Bank for the study of development projects in Africa," a senior finance ministry official told media.

The funding support will take effect from January 1, 2011 and will extend over a period of three years.

The Tunis-based AfDB said the donation will enable the regional development bank to conduct studies in the transport sector, particularly in the field of railways.

"There is also the field of telecommunications, higher education and private sector development," AfDB vice president Aloysius Ordu said in a statement.

The signing of the protocol between AfDB and the Indian government in Abidjan recently, aims both to strengthen South-South relations and to diversify the funding partners of the bank.

Ordu said India can be of critical support in AfDB's efforts to help African countries attain development as it has achieved significant progress in the field of economic growth and democratic governance in the recent decades.

Joint secretary at the Finance Ministry Anup Pujari, who initiated the agreement on India's behalf, said it has helped in strengthening the relation between India and Africa.

"Several areas of intervention are identified, but the allocation of funds will be left to the discretion of the AfDB, which may be used depending on the needs and priorities," Pujari said.

It is the second donation of its kind. The earlier grant was of USD 3.3 million, AfDB said.

### **Iran to sign investment protection pact with India**

Iran has expressed its willingness to sign a bilateral investment protection treaty with India to enhance the flow of investments in both the countries and double the bilateral trade turnover to \$30 billion by 2015, minister of economic affairs and finance of Iran Seyed Shamsodin Hosseini said.

Addressing a seminar on Investment Opportunities in Iran, organised by Ficci, Hosseini who is here to co-chair the 16th India-Iran Joint Commission meeting said, "My mission to India in this trip is to use the capacity of the joint commission to remove all barriers to the two-way trade and facilitate the flow of investments."

The Iranian minister accompanied by 50-member delegation comprising officials from the ministries of finance and petroleum said Iran-India trade had seen over 60% increase in the last three years from \$9 billion to \$15 billion. "We need to now double the trade volume by 100% in the next five years to \$30 billion," he declared. The Iranian delegation had brought 50-60 projects in several sectors for possible joint ventures.

The visiting minister, while assuring India of Iran's commitment to ensure sustainable energy supplies to meet India's growing crude oil requirements, invited Indian firms to invest in Iran's infrastructure projects, oil, gas and petrochemicals, mining and metals, automobiles, transportation and machinery, chemicals and pharmaceuticals, textiles and agriculture, especially the food industry.

## **India & Singapore seek early conclusion of Asean FTA**

Commerce minister Anand Sharma and his Singaporean counterpart Lim Hng Kiang have emphasised on the early conclusion of the India-Asean free trade agreement in services and investments. India and the 10-member Association of South-east Asian Nations (Asean) has already operationalised a free trade agreement in goods from this January 1.

Both the sides are engaged in intense negotiations to expand this pact to include services and investments. According to the sources, India and Asean aim at entering the market opening pact in the services sector by August. Singapore is a member of Asean.

The services sector, which has emerged as an important area for export earnings, contributes about 55% to India's GDP. India is looking at expanding trade with the Asean in several services, including banking, insurance, health, accounting, architecture and engineering.

## **India-Malaysia trade pact to be ready by September**

India and Malaysia said the Comprehensive Economic Cooperation Agreement between the two countries is expected to be ready by September, in time for Indian Prime Minister Manmohan Singh's visit here in November this year.

Indian Trade and Commerce Minister Anand Sharma and his Malaysian counterpart Mohammad Mustapha met for a bilateral meeting and discussed the CECA, with both noting that though a few issues remained on the table, it would be done by September.

However, sources who did not want to be named said though the issues on table were not unsurmountable, time was needed to resolve them.

Later, Sharma told a press conference that despite last year's economic downturn, India was hopeful of achieving 15 per cent growth in its exports.

"Yes, we will achieve our target, the world lives on hope and we are very much focused on our target for doubling our share by 2015," he added.

## **After Japan, Canada to partner Vibrant Gujarat 2011**

The Government of Canada has accepted an invitation from Gujarat to act as a 'Partner Country' to the Vibrant Gujarat 2011 Summit. Canada is the second country to partner the fifth edition of the global summit to be held on January 12 and 13, 2011.

Japan, which partnered in the 2009 event, will continue its association next year as well, an official release said.

While Japan will demonstrate its world-class technology and industrial practices, Canada will provide a focus on alternative energy, clean and green technologies to improve the quality of work and life.

### *Share cutting-edge technology*

The 2011 summit will enable Canadian companies to showcase their cutting-edge technology and share best practices, besides giving them an opportunity to invest and forge joint ventures in Gujarat's growing green energy sector.

In 2009, the Gujarat Government, the first in India to set up a separate department for climate change, had signed an MoU with Clinton Climate Initiative for setting up of large-scale solar power parks totalling 3,000 MW capacity. This department acts as a bridge between government and society to address the issues related to global warming.

### **India, China dominate exports to UAE**

India and China have become the most dominant exporters to the United Arab Emirates (UAE), accounting for nearly a quarter of the country's total imports in 2009, according to official data.

India, which maintains strong political and economic links with the Emirates, exported a record Dh61.5 billion worth of goods to the UAE in 2009, accounting for around 13.7 per cent of the country's total imports, Emirates Business 24/7 reported.

China's exports to the UAE stood at Dh47.8bn, constituting around 10.7 per cent of the country's total imports of Dh 447.3 bn.

Exports by India and China to the UAE totalled around Dh109.3 billion in 2009, nearly 24.5 per cent of the UAE's total imports, said the National Bureau of Statistics of the Ministry of Economy.

The figures showed the US, which had maintained the second position in exports to the UAE in most previous years, retreated to the third rank, with the value of its exports to the country totalling around Dh41.5bn last year.

Germany came fourth, with around Dh29.9 billion while Japan, which had long dominated exports to the UAE, fell back to the fifth position, with a value of about Dh 26.9 billion, according to the report.

Other key exporters to the UAE were Britain, with Dh18.7 bn, Italy with Dh17.4 bn, South Korea with Dh16.8bn and France with Dh14bn.

Neighbouring Saudi Arabia was the only Arab nation to be in the list of the top 10 exporters to the UAE, with a value of Dh12.1bn.

The report said, Iran remained the largest market for re-exported products from the UAE, with a value of around Dh25.9bn in 2009, accounting for around 17.6 per cent of its total re-exports of Dh147 bn. It was followed by India with nearly Dh24.6 bn.

### **Cameron's India visit will focus on bilateral trade**

The focus of British Prime Minister David Cameron's visit to India next week will be on how to reverse the sharp decline in trade and investment between the two countries due to the global recession.

Cameron accompanied by a high-level delegation, including foreign secretary William Hague, chancellor George Osborne and business secretary Vince Cable and other business representatives, is scheduled to visit India on July 28-29. This would be Cameron's first overseas visit to create 'enhanced partnership' with one of the world's fastest growing economies after becoming the UK Prime Minister.

The British top industry captains are eyeing a piece of the burgeoning Indian economy which, according to the International Monetary Fund (IMF), is expected to grow by 9.5 %.

The focus of the visit will be on launching a new phase in the India-British partnership for accelerated business ties and exploring new areas like banking, insurance, financial and professional services sectors, according to sources.

A wide range of issues, which are of interest to both the sides, will be topping the agenda of discussions between Prime minister Manmohan Singh and Cameron. The two PM's are expected to issue a joint statement after their meetings heralding the new 'special relationship'.

The visiting leader will also address industry honchos on July 29 at a luncheon meeting organised by Federation of Indian Chambers of Commerce and Industry (Ficci) where he is expected to call for deeper and more meaningful trade relations between the two countries.

India and Britain had raised their bilateral relationship to a strategic partnership level in 2006 and it was agreed that there was huge potential to expand relationship in trade and human resource development.

Trade between the two countries is estimated at \$13 billion and the UK is the fourth-largest single investor in India. India also has considerable investment in Britain.

The British government believes their country must increase its business collaboration with Indian companies and universities to win a share of retail, banking and services markets, which are expected to grow by 10% per year. The priority given to boosting ties with India, which has an estimated 250 million English speakers, was outlined in the Conservatives' and Liberal Democrats' coalition agreement when they took power in May.

The UK is by far the most popular business destination in Europe for Indian companies. Out of 1,200 Indian firms in the EU, 700 operate from the UK.

### **India, Oman in pact for \$100-m investment fund**

State Bank of India and State General Reserve Fund of Oman signed a joint venture for setting up a \$100-million investment fund.

The initial corpus will be contributed equally by two companies. The fund will be expanded to \$1.5 billion in due course and will invest equity in all sectors. The investment fund will currently invest only in India.

Launching the fund, finance minister Pranab Mukherjee said it would open new vistas in economic relations between India and Oman. The initiative is being seen as a catalyst to attract capital from the Gulf region into India.

The two sides had reached an understanding for setting up the fund during the visit of Prime Minister Manmohan Singh to Oman in November 2008.

The Sultanate of Oman is keen on diversifying its oil and gas industry-based economy to a modern industrialised economy and for the purpose the country needs investment in manufacturing, tourism as well as warehousing and other allied industries.

The agreement was signed by SBI chairman OP Bhatt and State General Reserve Fund CEO Warith Al-Kharusi.

### **India, Japan launch pilot project to monitor natural disasters**

India and Japan have begun a pilot project to test the procedures and systems to evolve a Network for Natural Disaster Mitigation and Recovery or DISANET.

It is aimed at monitoring natural disasters and developing an emergency communication system, using the information technology tools.

Funded by the Japan Science and Technology Agency (JST), a Japanese Government agency, the DISANET project would involve Indian Institute of Technology (IIT: Hyderabad, Madras and Kanpur), National Geophysical Research Institute (NGRI) and India Meteorological Department.

#### *'Expand Scope'*

Addressing the inaugural of the Rs 20-crore project, Mr E.S.L. Narasimhan, the Governor of Andhra Pradesh, said that the scope of 'disaster management' should not be restricted just to natural disasters but expanded to power and other damages, too.

The Japanese academic institutes would share their expertise in the area of earthquake monitoring, weather hazard sensing and emergency communications.

“It will study the scope to establish a robust sensor network for pre-disaster monitoring and deploy communications and database systems for post-disaster relief,” an IIT (Hyderabad) representative involved in the project said.

“We will develop a 3D monitoring and analysis programme for earthquakes in the Himalayan belt. The structural behaviour of buildings will be studied to assess vulnerability and post-disaster response,” he said.

The consortium would also come out with a prototype for an emergency communication system to send out timely alerts. Automatic Weather Stations would be deployed to monitor parameters such as rainfall, wind, temperature, humidity and atmospheric pressure.

“This data would be communicated remotely to a central processing node for analysis. The focus would be on developing the ability to analyse weather data in harsh weather conditions,” the IIT (Hyderabad) official said.

### **‘Trade between India, Bhutan to grow 10%’**

The bilateral trade between India and Bhutan is set to grow by about ten per cent during the current fiscal, according to Mr Dasho Tshring Wangda, Consul General of Bhutan Consulate in Kolkata.

The trade between the two countries has been growing at five-to-seven per cent on a year-on-year basis and was at about Rs 2,000 crore in 2009-10, he told on the sidelines of a press conference to announce the issuance of travel permit to Indian citizens by the Consulate in Kolkata.

“There has been a good increase in the bilateral trade between the two countries. Close to 95 per cent of our food items are imported from India,” Mr Wangda said.

The major items of import from India were food items, clothing, construction material and petroleum products among others, while power was the single largest item of export from Bhutan to India, he added.

The issuance of travel permits by the Consulate in Kolkata will facilitate Indian citizens to travel at ease without having to process travel documents at Paro International Airport and the border towns of Bhutan, he said.

“The number of Indian tourists coming to Bhutan has been growing at about ten per cent on a year-on-year basis,” he said.

### **Ambassador pitches for stronger Indo-Saudi trade ties**

Mr Talmiz Ahmad, Ambassador of India to the Kingdom of Saudi Arabia, has called upon the business community here to explore the potential in that country as it is an

important economic partner for investments, joint ventures, transfer of technology projects and joint projects.

India is the 4<sup>th</sup> largest trading partner for Saudi Arabia and the volume of last year's trade exchange between the two countries was about \$25 billion, he said, while addressing the business community at the meeting organised by the Indian Chamber of Commerce and Industry.

### *Avenues in the Kingdom*

Over 550 small and medium Indian enterprises have been set up in the Kingdom with a total value of over \$2.5 billion. He pointed out that the most promising areas for Indo-Saudi economic ties are Saudi investments in India's infrastructure and energy sectors and setting up of joint ventures in the Kingdom in industry and the knowledge-based services sectors.

Of late the number of Saudi tourists visiting India has started increasing.

With the joining of the Kingdom as a member of the World Trade Organisation in 2005, the Saudi economy has become more investor-friendly. Saudi Arabia is the 15th largest market in the world for Indian exports. Main Indian exports to Saudi Arabia are basmati/non-basmati rice, tea, manmade yarn, fabrics, made-ups, cotton yarn, primary and semi-finished iron and steel, chemicals, plastic & linoleum products, machinery and instruments, he said.

India's major imports from Saudi Arabia are petroleum and petrochemical products. Saudi Arabia is the largest supplier of crude oil to India. Saudi Arabia meets around 26 per cent of India's crude requirements annually, he added.

### *The UAE*

Mr Abbas Ali Mirza, former President and present Board member of India Business and Professional Council, Dubai, the United Arab Emirates (UAE), said that India is the biggest trading partner with the UAE.

Being an international business hub with top-class infrastructural facilities, the UAE provides tremendous scope for Indian investment and trade partnership.

### **Myanmar invites Indian investments**

Encouraging Indian companies to enter the industrial sectors in Myanmar, the visiting Chairman, State Peace and Development Council, Senior General Than Shwe, has assured that current investment proposals by private Indian companies would be actively facilitated.

A joint statement issued after talks with the Prime Minister, Dr Manmohan Singh, said that both Governments agreed to the construction and revamping of the Rhi-Tiddim road connectivity project at a cost of over \$60 million.

The project will be financed through grant assistance from India.

The Indian side also extended a line of credit of \$60 million to procure railway equipment.

India agreed to extend a grant of \$10 million for procurement of agricultural machinery and a line of credit of \$6 million to upgrade the microwave link between Moreh and Mandalay.

In the field of telecom, following the successful functioning of the official fibre link between India and Myanmar via Moreh, the two leaders agreed to upgrade the microwave link between Moreh to Mandalay under a line of credit of \$6 million from India.

Further, a new optical fibre link between Monywa and Rhi-Zawkhathar will also be undertaken with Indian assistance.

The Myanmar side promised all necessary assistance for Indian companies interested in the mining sector while the Indian side agreed to explore opportunities in the solar and wind energy sectors in Myanmar.

The two countries also signed five pacts, including counter-terror cooperation, enhanced energy ties and collaboration in a string of developmental projects.

Among the pacts signed was a treaty on mutual legal assistance in criminal matters that will be crucial in enabling India access to insurgents from India's Northeast States who continue to shelter along the sprawling India-Myanmar border, a statement from the Ministry of External Affairs said.

The two sides also signed pacts in areas of small development projects, science and technology and information cooperation.

A memorandum of understanding on Indian assistance in restoring the Ananda temple in Bagan, a renowned Buddhist shrine and a major tourist site in central Myanmar, was also signed.

### **India, UK to double trade in 5 years: PM**

India and the UK are to work towards doubling bilateral trade in five years, the Prime Minister, Dr Manmohan Singh, said.

At a meeting with the visiting British Prime Minister, Mr David Cameron, here the two countries also decided to constitute an India-UK Infrastructure Group to strengthen cooperation, apart from plans to set up a high-level India-UK CEOs Forum.

Addressing a joint press conference, Dr Singh said the two sides had agreed on specific initiatives in the areas of economy and trade, science and technology, energy, education, defence, culture and people to people contacts.

“Building upon past experience, we have also agreed to launch a new phase of the UK-India Education and Research Initiative. We will intensify bilateral exchanges at all levels... India and the United Kingdom are natural partners to shape a better world,” he said.

Mr Cameron said that the visit has been a success in intensifying cooperation in three key areas, namely galvanising trade relations, reinforcing security efforts and increasing people-to-people contact.

A joint statement issued at the conclusion of the official talks adds that the two sides also welcomed the new opportunities that had opened in cooperation in the civil nuclear power sector, following the signature earlier this year of the UK-India Civil Nuclear Co-operation Declaration. This has created opportunities for wide ranging cooperation in the nuclear field including in nuclear trade and exchanges between scientific institutions, the statement said.

The two Prime Minister's also expressed their strong support for the conclusion of a broad-based Trade and Investment Agreement between India and the European Union by the end of this year.

The delegations discussed an MoU between the two countries to enhance investment in the road sector and the two sides “looked forward to its early finalisation.”

Both sides also agreed to explore initiatives that will create resources and incentives to help business deploy renewable energy.

### **Cement production will rise 10%'**

Cement production this fiscal year looks set to see a 10 per cent rise, slightly higher than normal, and may touch 300 million tonnes.

The growth rate may prevail for the next three to five years, Mr Sumit Banerjee, Managing Director of cements major ACC Ltd, said.

Housing, infrastructure projects and the nascent trend of concrete roads would continue to accelerate the consumption of cement.

The country produced nearly 270 million tonnes last year and about 230 million tonnes the year before. The domestic sector is put at Rs 1 lakh crore.

The cement industry is pushing for increased use of cement in highway and road construction. Indian roads, at 3.3 million km, are the second largest network in the world.

The Ministry of Road Transport and Highways has planned to invest \$354 billion in road infrastructure by 2012.

At a seminar on concrete roads organised by CII and State Public works Department, Mr Banerjee, the Chairman of CII's Cement Industry Division, said concrete roads make financial and logical sense over the traditional bitumen, which is imported.

The industry said using cement in roads would bring 4 per cent cost saving over bitumen.

### **Pharma business to double in 2 years, says AIOCD**

All India Organisation of Chemists and Druggists (AIOCD) has projected a growth of over hundred per cent for the pharmaceutical industries in the country over the next two years.

“The people are increasingly becoming health conscious and the sell of all types of medicines, particularly anti-biotic, will zoom up in the coming years. We expect the business to double by 2012”, said the president of the AIOCD, JS Shinde.

Shinde was here to attend a meeting of chemists and druggists association of Ganjam and Gajapati districts. The pharmaceutical industry is currently growing at the rate of 12 percent, but this will accelerate soon. The sell of all types of medicines in the country, which now stands at Rs 45,000 crore, will reach around Rs 90,000 by 2012, Shinde said.

This faster growth is projected despite the government decision to sell generic medicines at cheaper price through different outlets.

Stating that the pharmaceutical industry in the country is a fast growing industry, Shinde said, its prospects are bright, despite the fact that more and more multinational companies are entering the Indian market. “However, the Indian drug manufacturers have to compete with the multi-nationals by maintaining quality”, he said.

### **Two-wheelers vroom into rural India to end June on a high**

Growth in spending in rural areas on the back of a promising monsoon season has resulted in double-digit increase in sales of Hero Honda, TVS, Honda Motorcycles, Yamaha and Mahindra 2 Wheelers for the month of June.

India's largest two-wheeler maker, Hero Honda Motors, reported sales of 426,454 units, a 16.6 per cent growth as compared to 365,734 units in the same month a year earlier.

Hero Honda, which makes the Splendour and Passion brands, is followed by Bajaj Auto. About half of Hero's sales came from rural India. Says Anil Dua, senior vice president (marketing and sales), "The 16 per cent growth in June is very encouraging, coming as it does on the back of the high base of our sales last year."

Chennai-based TVS Motor Company posted an increase of 33 per cent in domestic sales of its two-wheeler range, while also logging its highest-ever three-wheeler sales in a month.

The company, which also makes the Scooty brand of automatic scooters, sold 139,905 units of two-wheelers during the month as compared to 105,361 units sold in the same month a year earlier, a statement said.

Motorcycle sales recorded growth of 44 per cent during the month, of 66,452 units as against 46,048 units in the month last year. Sales of scooters grew by 42 per cent to 36,742 units, as compared to 25,945 units a year earlier. Three-wheeler sales increased to 3,003 units in the same month, as compared to just 810 units sold in the same month a year ago.

Mahindra 2 Wheelers, the latest company to join the market, posted sales of 10,017 units in June, a growth of 329 per cent as against 2,333 units in the month last year.

The company has three automatic scooters, the Duro, Rodeo and Flyte. It would enter the high-volume motorcycle segment before the end of this year.

India Yamaha Motor, subsidiary of Yamaha Motor Corporation, recorded an 18 per cent rise in domestic sales of its motorcycle range to 21,157 units in June, compared to 17,878 units posted in the same month a year earlier.

### **Handicraft exports may touch Rs 10,000 cr mark**

Buoyed by a surge in demand from the US and Europe, India's handicraft exports may increase by more than 12 per cent in the current fiscal to touch the Rs 10,000 crore mark, Export Promotion Council for Handicrafts said.

"India had exported handicrafts worth Rs 8,719 crore in the last fiscal. With demand from the US and Europe on the rise, it is likely to touch Rs 10,000 crore this fiscal," EPCH Chairman R K Malhotra said.

Malhotra said the pace of export growth gained momentum, after a two-year lull, from the later part of the last fiscal and the trend is a continuous one so far in the current fiscal as well.

The country's handicraft shipments rose by 15.45 per cent (in rupee terms) in the first three months of the current fiscal over the corresponding period last fiscal.

The increase in exports were led by the fashion jewellery and accessories segment, which recorded a significant 32 per cent growth in the first three months over the same period last year, Malhotra said.

"Although the increase has been by and large in all product categories, yet the increase in exports of fashion jewellery and accessories has been remarkable," he said.

The world market for fashion jewellery and accessories is estimated to be around USD 16 billion, but India's share in this segment is negligible.

Malhotra said EPCH has devised a strategy, which includes participation in trade shows and organising buyer-seller meets in upcoming markets among others to shore up India's exports in the world market.

### **Passenger vehicles to register 12-13% growth in 2010-11: Siam**

The average 30 per cent growth in the Indian passenger vehicle industry over the last six months will no longer be seen from July onwards. The industry is expected to close the current financial year with 12-13 per cent growth over 2009-10 as the base effect tapers down.

According to the annual forecast of the Society of Indian Automobile Manufacturers released, passenger vehicle sales in the country will be 21,96,791 units in 2010-11 as compared to 19,49,248 units in 2009-10.

"While the first quarter of the ongoing financial year has witnessed good growth, demand is likely to slow down in the second quarter as high base effect from last year will start kicking in. Moreover, the rising commodity prices, although they have stabilised in the last two-four weeks, and the supply constraints from the suppliers are some of the key challenges for the industry going forward. It is projected that the passenger vehicle industry will end the year at 12-13 per cent higher sales than last year," said Pawan Goenka, president, Siam said.

"Rising interest rates and possible increase in prices of vehicles when Bharat Stage III norm is implemented across the country by October, are other factors that may impact demand," he added. While two-wheeler sales are expected to be up 9-10 per cent at 10,287,837 units from 9,368,230 units in 2009-10, commercial vehicle sales in India will grow 17-18 per cent at 6,21,681 units vis-à-vis 5,31,395 units last financial year. Sales of three-wheelers are expected to go up 7-8 per cent at 4,73,693 units in the current financial year as against 4,40,368 units in 2009-10.

"The pent up demand for passenger vehicles is getting fulfilled with several new launches over the last six months. Therefore, it is natural for the industry to now slow down a bit and enter the phase of natural growth for the remaining period of the current financial year," said VG Ramakrishnan, senior director (automotive practice), Frost & Sullivan.

In fact, eight new models and 11 facelifts launched during the first quarter of the financial year helped boost sales in June as well and the overall automobile sales surged 31 per cent last month at 12,05,990 units as compared to 9,17,645 units in June last year. While commercial vehicles registered the highest growth of 44.1 per cent at 52,211 units as compared to 36,222 units on the back of a buoyant economy, sales of passenger vehicles went up 29.2 per cent at 1,81,810 units in June vis-à-vis 1,40,748 units during the same month last year.

This was led by 17.9 per cent growth in domestic sales of Maruti Suzuki India at 72,812 units, 18.9 per cent growth in sales of Hyundai at 27,366 units and 56.4 per cent increase in sales of Tata Motors at 32,479 units last month.

"The industry had benefited from a good overall macro-economic environment in the first three months of the financial year and this had a positive impact on consumer confidence," Goenka added.

### **Ficci moots skill development fund for food sector**

Industry chamber Ficci sought government intervention to set up a dedicated fund and a high level panel for faster development of the \$181- billion food processing sector that is reeling under acute shortage of skilled manpower.

The rising demand for specific skill sets and available supply has eroded the competitiveness of the sector, the survey based study of Ficci said.

The study on Rising Skill Demand: A Major Challenge for Indian Food Industry, reveals that about 60 per cent of the 250 participant firms were not satisfied with their employees' current level of technical skills and knowledge.

As the sector is projected to become a \$285-billion industry by 2015, it would face further pressure on the manpower front, the study said, adding the sector would require 23 lakh production managers, engineers, quality controllers and R&D specialists.

"Meeting this demand would be challenging, since 80 per cent of the total work force in the food processing sector comprises people having lower-end skill set," it said.

Due to lucrative job opportunities in other sectors, there was scarcity of production managers and engineers in this sector, which needs to be addressed, said the study.

Respondents felt that the courses offered by various institutions are outdated and it was imperative to review the course curriculum to match industry expectations. "The government should immediately formulate a task force of all the stakeholders...to get the course curriculum across all institutions and training institutes reviewed and updated," it said.

The chamber also felt there was a need for immediate adoption of ITI's by the food processing industry in various clusters to upgrade the lower-end skills.

Besides, the government should allocate separate budget for human resource development for the sector for enhancing and upgrading skills, it said.

The food processing industry should partner with food technology/processing institutes on a pilot basis for up gradation of higher-end skills, it suggested.

### **Global costume jewellery market reviving: Export council**

The Export Promotion Council for Handicrafts has said there is demand for costume jewellery in the international market.

The apex industry body said the Government is working towards international compliance code for manufacturing costume jewellery.

“There is demand revival from international market and we are working towards making jewellery as per international standards. We would like large retailers to procure from us as it would help the market grow. For this, we are working towards achieving all compliance standards,” Mr Raj Kumar Malhotra, Chairman, Exports Promotion Council for Handicrafts (EPCH), said.

The industry body is hosting an Indian Fashion Jewellery and Accessories fair in Greater Noida. “We hope at least 350-odd buyers from US and UK will visit the fair.” The three-day fair will start on July 9.

He said, “there is need to make vigorous efforts to increase the export of fashion jewellery and accessories from India, which as of now is negligible”.

The fair will offer costumes jewellery, semi-precious fashion jewellery, hand bags and embroidered accessories, he said.

At least 150 agents of major global retailers are also likely to visit the fair. The market for costume jewellery and accessories is estimated at \$16.3 billion. India's exports are a meagre \$53 million.

The recovery in western economies would help Indian exports, which expanded even during the recession.

### **India sees highest rise in natural gas output in '09**

India recorded the highest rise in natural gas output worldwide in 2009 after Reliance Industries' (RIL) eastern offshore KG-D6 field began production, global energy giant BP said.

Mukesh Ambani-run RIL began gas production from the Krishna-Godavari basin in April 2009, and its 60 million metric standard cubic metres per day (mmscmd) output led to a 75% jump in natural gas availability in the country to 140 mmscmd. "Last year, India had the highest increase in production of natural gas worldwide. And I just checked, it also had the highest corresponding increase in consumption in natural gas worldwide," said BP Group chief economist Christof Ruhl.

The jump in natural gas production in India was possible because the government allowed private sector firms to take a lead in exploration for hydrocarbons. "When you look at countries where gas production is heavily government-controlled, like Russia, they had the biggest decline in gas production and consumption," he said.

"When you look at countries such as the US where new technologies like unconventional shale gas have been developed, it was because they have an investment environment which is very competitive," he added. Shale gas, trapped in sedimentary rocks, is said to hold the potential of doubling gas output in US.

Mr Ruhl said that it was very clear who was left behind, as countries where natural resources were tightly controlled were less flexible. Mr Ruhl also added that the recent Supreme Court ruling in the Ambani gas dispute will help investment in the sector.

For investors, "rule of law" and "sanctity of the contracts" they sign is important, he said.

The court in May upheld the provisions of the Production Sharing Contract (PSC) an explorer enters into with the government for oil and gas prospecting. It said the PSC gives the government the right to approve a gas price and fix its users, rejecting Anil Ambani Group firm RNRL's claim for gas from RIL at subsidised rates.

"That (judgement) has certainly improved stability and the sanctity of contract," he said. "That was a step in the right direction."

### **SEZ exports in Q1 rise 68% to Rs 58,757 cr**

Exports from Special Economic Zones in the first quarter of the fiscal were 67.8 per cent higher than in the corresponding period of the previous year, the Export Promotion Council for Export Oriented Units and SEZs said.

According to a statement released by the export promotion council, the first quarter exports from SEZs were Rs 58,756.68 crore (Rs 35,013 crore).

Exports from SEZs in 2009-10 were Rs 2,20,000 crore-120 per cent more than Rs 99,000 crore in 2008-09 and 10 times more than Rs 22,000 crore in 2005-06, when the SEZ Act and Rules were made operational, it added.

As on June 30, 2010, SEZs have given direct employment to 5,50,323 people, up from 5,03,611 people as on March 31, 2010. This means that the SEZs have provided direct employment to 46,712 people in the first quarter of this year.

An additional investment of Rs 18,000 crore has been made in SEZs in the first quarter of this fiscal with the total investment in SEZs till June 30, 2010, going up to Rs 1,66,526 crore from Rs 1,48,488 crore as on March 31, 2010, the EPCES statement said.

Referring to doubts expressed by certain quarters recently on whether investments in SEZs (which are tax-free enclaves) was fresh or if it was diverted from the domestic tariff area (the area outside SEZs where taxes and duties apply), the EPCES said the SEZ scheme has enough safeguards to ensure that investments made in SEZs are fresh.

### **Healthy growth in traffic, user base to drive telecom results**

One of the most eventful quarters for telecom with 3G, BWA auctions and Trai's 2G recommendations may actually see telcos report stable results. There were no aggressive tariff launches and subscribers addition figures remained robust.

Companies are likely to see a marginal increase in revenues (2-4%) on a sequential basis. Most telecom operators have witnessed strong growth in minutes carried on mobile networks. Analysts expect a healthy traction in overall traffic growth in the range of 5-12% for listed telcos.

"We have modeled sequential minutes growth at 5-8% for companies, which translates to mobile revenue growth of 2-5% for 1QFY11. Lower-than-expected growth in traffic would lead to higher drop in average revenue per user (Arpu), which will impact revenues," said Amit Ahire, analyst, Ambit Capital.

The mobile industry added 33 million subscribers in April-May 2010 and is expected to add another 16-17 million subscribers in June, taking the total net addition to 49 million for the quarter, compared with the addition of 59 million in the previous quarter.

### **Spices hot up, exports rise 17% in Q1**

Spices exports during the first quarter of the current financial year that started in April have recorded substantial increase in both volume and value terms.

In April-June 2010, volume of exports registered an increase of 17% and value rose 19% in rupee terms when compared to the performance of the same period last year, according to data released by the Spices Board. In dollar terms the rise was 22%.

In April-June 2010, a total of 148,730 tonne of spices and spice products valued at Rs 1,533.84 crore (\$336.43 million) were exported as against 1,27,265 tonne valued at Rs 1,293.14 crore (\$ 275.19 million) last year.

In 2009-10, India exported 5,02,750 tonne spices and products valued at Rs 5,560.50 crore (\$1173.75 billion) exceeding the target for the fiscal by 16% in volume and 24% in value terms.

In April-June 2010, the exports of chilli, ginger, celery, fennel, fenugreek and garlic have shown an increase both in volume and value as compared to same period last year. The export of value-added products like curry powder and spice oils and oleoresin have also shown an increasing trend.

However, cardamom (small) and turmeric saw an increase in value terms only. The export of coriander has increased in terms of quantity only. Spices like cardamom (large), cumin, nutmeg, mace, mint products and other seeds have decreased both in volume and value as compared to last year. Pepper export witnessed a marginal decrease in both quantity and value as compared to last year.

Slowdown in major consuming markets such as the EU and US have adversely affected export of value-added spices. Exports to Malaysia and China are helping the spices sector to sustain growth, board sources said. Exports to the Asian bloc have increased by around 15% annually in the last four to five years, sources said.

Chilli exports were up 33% in both volume and value for the period on global shortage of the commodity. Pepper exports were down 5% in volume and 1% in value for the period. Exporters feel pepper exports would catch up in coming days. Highest increase has come from garlic exports, which has shown an increase of a whopping 1,300% in volume and 1,900% in value due to lesser supply in China.

### **Domestic airlines post 22% growth in June**

Domestic airlines flew 45.04 lakh passengers in June this year, up almost 22 per cent against June 2009.

This is the second consecutive month when the domestic airlines have registered almost 22 per cent growth against same period last year. This perhaps explains the increase in congestion at the metro airports.

The DGCA data show that apart from Paramount, all the other airlines carried more passengers in June against June 2009.

The airlines operated with healthy seat factors in the range of 72 per cent to 90 per cent.

The seat factors for June are: Air India (Domestic) – 72.3 per cent, Jet Airways – 80.5 per cent, JetLite – 83.6 per cent, Kingfisher Airlines – 85.1 per cent, Spice Jet – 88.5 per cent, Paramount Airways – 86.8 per cent, Go Air – 84 per cent and Indi Go – 90.7 per cent.

## **Cashew exports recover on demand**

After months of declining due to lower off take by developed markets, cashew exports are staging a recovery on the back of good demand from Asian countries.

Value of exports for the first quarter of 2010-11 have increased when compared to the same period of the last fiscal on lower volume. Economic problems in the developed market of Europe and the US have altered the dynamics of cashew trade with buyers preferring near-term contracts and lower inventory which have resulted in high volatility.

Value of exports in April-June 2010-11 are up by 2% compared to the same period of 2009-10, while volume during the same period is down by 1.6%. The total realisation for the period stood at Rs 713.01 crore as against Rs 698.46 crore for the previous period. In June, exports have increased by 3% in volume terms and 13% in value when compared with the same month of 2009.

In 2009-10, India exported 1,08,120 tonne of processed cashew valued at Rs 2,905.82 crore as against 1,09,522 tonne valued at Rs 2,988.40 crore during 2008-09.

“Share of major markets has changed in the last few years and the pattern of buying has also altered. There is increasing emphasis on spot prices due to the nature of nearby buying in large Asian market and the changed pattern of buying by several buyers in major importing countries,” Pankaj Sampat of Samsons Trading told FE.

## **Higher ad spend to spur broadcasters' revenue growth by 39%**

Buoyancy in advertisement spends will lead to a revenue growth of around 39% for the broadcasting segment of the media sector for the June quarter, say analysts. Sectors like telecom, FMCG and auto were the key advertisers in this segment. Also, increasing digitisation and direct-to-home penetration will continue to boost subscription revenues for all broadcasters.

A report from IDFC Securities says Zee Entertainment Enterprises Ltd (ZEEL) is expected to garner a 33% growth in revenues for the June quarter to Rs 631.5 crore compared with Rs 475.9 crore in the corresponding quarter of the previous year on the back of a low base effect, strong revival in ad spends and additions of general entertainment channels (GECs). Its net profit will also surge 28% at Rs 130.8 crore as against Rs 101.9 crore. Zee has recently de-merged its six regional channels from Zee News to ZEEL.

UTV will also see a jump of 132% in its sales at Rs 201 crore as against Rs 86.50 crore. Net profit is estimated to be Rs 34 crore. UTV posted a loss of Rs 31.80 crore loss in the corresponding quarter of the previous financial year.

Sun TV Network is expected to post a 27% growth in revenues at Rs 365.30 crore for the June quarter compared with Rs 287.70 crore in the corresponding quarter of the

previous financial year. Its net profit would be around Rs 143.30 crore as against Rs 119.80 crore, up 20%.

Regional channels are also consolidating revenues as their viewership is growing. According to a recent Ficci-KPMG report, advertisers are realising potential of regional channels as they look to penetrate deep. The report says that lower operating costs as well as the opportunity to earn attractive revenues from international markets mean that regional GECs can break even more quickly compared to their Hindi counterparts.

Says Divya Radhakrishnan, president TME, a media buying agency, "Due to events like the Indian Premier League and the Fifa World Cup, an upswing in ad spends was witnessed during the June quarter."

Television advertising is expected to touch Rs 11,897 crore in 2010-11, up from Rs 9,914 crore in 2009-10.

### **Tyre industry to see strong growth this financial year**

The tyre industry is poised to grow by around 15% in terms of production and sales during this fiscal backed by healthy domestic demand and a modest recovery in exports. This is despite conflicting expectations in terms of demand recovery, stated Icmr Management Consultancy Services (IMaCS), a wholly-owned subsidiary of Icmr.

Though radialisation and imports are impacting revenues and margins of the prominent players, expected high growth in the replacement market is likely to result in stable margins.

IMaCS has predicted an increase in domestic demand for tyres on account of a steady growth in almost all segments of the automobile industry even as volatility in prices of rubber and other derivatives of crude oil remains a concern.

During the nine months period of FY'10, operating income of listed tyre companies increased 12.8% (y-o-y) to Rs 14,174 crore. Though operating income y-o-y growth was healthy at 21% in Q1 FY '09, it decelerated sharply thereafter till Q1 FY'10. However, operating income increased at a higher rate of 13% (y-o-y) in Q1 FY '10 and 18% in Q3 FY'10. Operating margins declined sharply in Q2 FY '09 and Q3 FY'09 because of increase in input and employee costs. However, margins improved from Q4 FY '09 onwards because of moderation in input costs.

A close scrutiny of the financials of eight major tyre manufacturing companies shows that while their collective operating income was Rs 18,800 crore in FY09, in the five year period FY04-FY09 increases in raw material costs and selling costs have impacted operating margins.

Lower interest costs till FY2007-09 resulted in an improvement in net margins. Subsequently, net profit margins have declined because of lower operating margins and increased interest and depreciation costs.

According to IMaCS study, the growth in tyre production for OEMs would dependent on automotive production, which is expected to grow at a healthy rate in FY2010. CV production has increased substantially in FY2010, largely because of the base effect.

By comparison, given the low levels of penetration of two-wheelers and passenger cars in the country and the recent excise duty cuts, domestic supply to these segments is likely to increase at modest rates of 17% and 18%, respectively in FY2011.

### **IT, BPO to create 30m jobs by 2020: Nasscom**

After a tough year that saw the IT & BPO industry cutting back on hiring, software lobby Nasscom has now given a positive forecast for the next decade. Nasscom estimates that the IT & BPO sector will provide direct employment of 10 million and indirect employment of 20 million by 2020.

Nasscom president Som Mittal said, "There has been a 6-fold increase in direct employment. The number of direct employees in 2001 was around 4.3 lakh and now it has zoomed up to 23 lakh in 2010." Mr Mittal, who was in Chennai for the Nasscom HR summit 2010, added, "The contribution of the private sector in this regard has seen a 3-fold increase. It has grown from 5% in 2001 to 15% in 2005-06."

By 2020, the industry expects to have around 5 million women employees on its rolls. Currently, the industry has around 37% women employees and around 26% of the female employees are chief wage earners.

Mr Mittal also stressed the need for adopting best practices in the IT-BPO industry and wanted companies to follow rules like ethical hiring, insisting on relieving letters, campus hiring in eighth semester, support reference checks and mandate background checks for all employees.

### **DoT amends telecom licence rules**

In view of national security concerns, the Directorate of Telecommunications (DoT) has made it mandatory for equipment suppliers to share design, development and supply chain details, besides allowing inspection of their manufacturing facility by the Indian government or concerned certification agencies.

According to the amendments to the telecom licence agreement — the unified access service license (UASL) — the equipment providers have to give access to their hardware and software for examination at the time of procurement of equipment. The process would be repeated every year and an inspection would be carried out every two years.

The software code would be kept in the escrow account in an encrypted form and would be used in case of security emergency.

A penalty of 100 per cent of the contract value would be levied by telecom equipment supplier in case malware/spyware is found in the equipment. Operators would also have to pay a fine of Rs 50 crore for every purchase of equipment in case there is a security breach.

The licensee will also work towards a phased plan to take over the maintenance of the equipment locally — entirely by Indian engineers and dependence on foreign engineers will be minimum or almost nil within a period of two years.

DoT in consultation with the Ministry of Home Affairs had been working on the amendment to the licence to address security concerns. It had accepted feedback from the industry and all stakeholders.

DoT had in December, last year made it mandatory for telecom service providers to seek security clearance before placing an order for telecom equipment. Despite this, many orders for Chinese equipment manufacturers Huawei and ZTE have been pending with the department since the last six months.

According to the amendments, telecom service providers will also have to form an organisational policy on security and management of their network. The policy will have to be submitted to the government within 30 working days from the date of the amendment to the UASL licence conditions.

### **Entertainment, media seen at Rs 1L cr**

Indian entertainment and media (E&M) industry is poised to grow 12.4 per cent cumulatively over the next five years to reach Rs 1.04 lakh crore, research firm PricewaterhouseCoopers (PwC) said.

In its latest report titled 'Indian E&M Outlook 2010', PwC said the industry is expected to touch Rs 1.04 lakh crore.

The Indian E&M industry grew 2.2 per cent in 2009 amid severe global downturn, which also affected India partially.

This was largely due to lower than expected uptake in advertisement expenditure and hence affected sectors like print, Out-of-Home (OOH), radio and Internet advertising.

Negative growth in filmed entertainment also affected growth in 2009, it said.

"Many of the factors which caused the slowdown in 2009 are not likely to persist. With confidence returning alongside a likely increase in consumer and advertisement spends, the industry is looking to get back to its high growth trajectory," PwC India Leader (E&M Practice) Timmy S Kandhari said.

Television is projected to be a major contributor to the overall industry revenue pie and is estimated to grow at a stable rate of 12.9 per cent cumulatively till 2014 from an estimated Rs 26,550 crore in 2009 to Rs 48,800 crore by 2014.

Films, as a segment, is projected to grow at a compound annual growth rate (CAGR) of 12.4 per cent, reaching Rs 17,050 crore in 2014 from Rs 9,500 crore in 2009.

Print media is projected to grow by 7.4 per cent, reaching to Rs 23,050 crore in 2014 from Rs 16,150 crore in 2009.

The study projects radio advertising to grow at a CAGR of 12.2 per cent to Rs 1,600 crore in 2014 from Rs 900 crore in 2009.

Due to the tremendous uptake of the mobile value added services (VAS) market, the Indian music industry is projected to grow at a CAGR of 28.6 per cent reaching Rs 2,650 crore in 2014.

"The key growth driver for the music industry over the next five years will be digital music, and its share is expected to move from 29 per cent in 2009 to 75 per cent in 2014," it said.

Animation, gaming and VFX industry is expected to grow at a CAGR of 25.2 per cent to Rs 7,340 crore in 2014 from its current size of Rs 2,380 crore.

## External Sector: Foreign Trade April-February 2010

Region/Country	Export		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	170388.5	156277.4	-8.3
Africa	10556.3	9388.5	-11.1
Egypt	1224.1	1076.3	-12.1
Ghana	399.4	339.9	-14.9
Kenya	835.6	769.5	-7.9
Mauritius	255.5	186.8	-26.9
Nigeria	1376.0	1162.3	-15.5
South Africa	1367.3	1252.1	-8.4
America	25219.1	21713.1	-13.9
Brazil	1480.6	1306.5	-11.8
Canada	1269.3	1001.9	-21.1
USA	19513.0	16774.0	-14.0
Asia (excl. Middle East)	40362.5	39897.6	-1.2
Bangladesh	2216.3	2089.4	-5.7
China	8384.9	9565.3	14.1
Hong Kong	5976.7	6763.2	13.2
Indonesia	1814.3	2048.5	12.9
Japan	2626.7	2106.1	-19.8
Korea DPR (North)	300.2	121.8	-59.4
Korea Republic (South)	1597.5	1671.4	4.6
Malaysia	3217.0	2230.2	-30.7
Nepal	905.6	877.8	-3.1
Pakistan	1232.2	1352.1	9.7
Philippines	665.1	640.3	-3.7
Singapore	4437.7	4159.8	-6.3
Sri Lanka	1542.9	1370.1	-11.2
Taiwan (Taipei)	793.9	592.2	-25.4
Thailand	1764.8	1487.2	-15.7
Viet Nam	1551.4	1591.9	2.6
Middle East	27721.2	25861.3	-6.7
Iran	1323.9	1490.4	12.6
Israel	1286.7	1195.8	-7.1
Kuwait	692.6	692.7	0.0
Oman	659.0	701.7	6.5
Saudi Arabia	3410.9	2561.0	-24.9
Syria	340.7	299.8	-12.0
UAE	17896.6	17169.9	-4.1
Yemen	372.9	335.8	-10.0

Europe	36079.3	29939.9	-17.0
Belgium	4108.5	3043.5	-25.9.
France	2651.3	2365.8	-10.8
Germany	5776.2	4800.4	-16.9
Italy	3535.8	2995.0	-15.3
Netherlands	3095.5	2568.4	-17.0
Russia	985.1	868.4	-11.8
Spain	2222.0	1800.4	-19.0
Turkey	1293.3	1231.1	-4.8
UK	5779.5	5373.7	-7.0
Oceania	1616.5	1478.9	-8.5
Australia	1323.0	1211.5	-8.4

Region/Country	Import		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	283636.9	250744.1	-11.6
Africa	9761.1	8041.1	-17.6
Algeria	108.2	25.6	-76.3
Angola	8.8	5.0	-42.8
Egypt	542.5	259.3	-52.2
Libya	0.5	9.7	1997.1
Nigeria	78.2	78.9	0.9
South Africa	5257.5	4895.6	-6.9
America	23223.8	18967.0	-18.3
Brazil	1073.3	2016.8	87.9
Canada	2338.2	1852.1	-20.8
Chile	1376.7	753.9	-45.2
Mexico	749.5	289.8	-61.3
USA	16655.8	13096.8	-21.4
Asia (excl. Middle East)	72935.7	66833.3	-8.4
China	30136.8	27541.0	-8.6
Hong Kong	5647.2	4098.1	-27.4
Indonesia	5997.9	7220.4	20.4
Japan	6991.5	5908.9	-15.5
Korea Republic (South)	7523.1	6544.0	-13.0
Malaysia	3597.5	3112.8	-13.5
Singapore	5106.6	4269.7	-16.4
Taiwan (Taipei)	2226.6	2185.2	-1.9
Thailand	2316.9	2491.5	7.5
Middle East	20316.6	17118.7	-15.7
Iran	1032.4	978.1	-5.3
Iraq	46.7	42.1	-9.9

Israel	1943.5	1685.5	-13.3
Kuwait	377.1	281.4	-25.4
Oman	530.6	499.4	-5.9
Qatar	571.6	460.3	-19.5
Saudi Arabia	1491.2	1487.0	-0.3
UAE	12471.7	10700.2	-14.2
Yemen	8.8	10.8	22.0
Europe	57600.1	49969.0	-13.2
Belgium	5175.3	5636.9	8.9
Finland	1133.8	935.3	-17.5
France	4158.6	2660.8	-36.0
Germany	11222.6	8921.3	-20.5
Italy	3984.4	3413.5	-14.3
Netherlands	1739.5	1391.2	-20.0
Norway	1012.1	583.2	-42.4
Russia	3877.0	2666.5	-31.2
Spain	939.4	968.2	3.1
Sweden	1807.8	1460.2	-19.2
Switzerland	11241.7	12196.2	8.5
Turkey	621.4	476.3	-23.4
UK	5476.0	3815.4	-30.3
Oceania	11063.0	10909.7	-1.4
Australia	10408.5	10328.5	-0.8

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