



**Ministry of External Affairs  
Government of India**

**Weekly Economic Bulletin**

**Date: November 04- November 10, 2008**

**Issue No. 289**

**Contents**

- |          |  |            |
|----------|--|------------|
| <b>1</b> | <b>News Feature</b> <ul style="list-style-type: none"><li>• Industry welcomes Obama's victory</li><li>• Indian companies post 225% investment growth amid gloom</li><li>• India Inc to go for inclusive growth</li></ul>   | Page 1-2   |
| <b>2</b> | <b>Overseas Investment</b> <ul style="list-style-type: none"><li>• Centre to streamline FDI policy as foreign investments touch \$17.2 bn</li><li>• Bankers welcome move to provide forex liquidity</li><li>• Despite global crisis Punjab gets FDI in Pharma</li><li>• FDI rules in for major overhaul</li><li>• FIPB nod for 30 FDI-boosting proposals</li></ul> | Page 2-7   |
| <b>3</b> | <b>Trade News</b> <ul style="list-style-type: none"><li>• India to seek more FDI, energy from Gulf</li><li>• Belgium keen on trade ties in biopharma, nuclear energy sectors</li><li>• India, Australia in pact to promote investment in coal sector</li><li>• Bengal, Italy identify key areas of co-operation</li></ul>  | Page 7-9   |
| <b>4</b> | <b>Sectoral News</b> <ul style="list-style-type: none"><li>• Core sector growth gains momentum on coal and cement</li><li>• Food processing industry going strong</li><li>• Animation industry to be worth \$1.16 bn by 2012, says Nasscom</li></ul>   | Page 9-10  |
| <b>5</b> | <b>News Round-up</b> <ul style="list-style-type: none"><li>• Global reputation will help Indian firms grow: Gates</li><li>• Capital markets may rebound faster than anticipated: Deloitte</li></ul>  | Page 10-11 |

## News Feature

### Industry welcomes Obama's victory

India Inc welcomed Barack Obama's victory in the US Presidential election and exuded confidence that during his tenure Indo-US relations would scale newer heights.

Congratulating Obama, the country's premier industry chamber, the Confederation of Indian Industry (CII) said that it expects that the Indo-US growth trajectory, which began with the March 2000 visit of the then President, Bill Clinton to India will continue into an Obama administration due to sheer commonality of democratic values and interests.

According to CII director general Chandrajit Banerjee, the new president will face multiple global challenges. These challenges range from economic, security, strategic, health, trade, education, energy, environment and food to name a few. There is optimistic confidence. He added that India and the US can work together on each and every one of these challenges.

Echoing CII's views, Rajeev Chandrasekhar, president, Ficci said, "Our exporters should be preparing to take advantage of this coming resurgence of US demand and the government must ensure that our exporters are enabled for this coming opportunity".

As per Ficci, Barack Obama represents a new and fresh opportunity for future of the world and India in particular. Given his background, his international upbringing, his intellect and publicly articulated values and ideals around democracy and pluralism, India can and must play a very important partnership role with the US in shaping the world of today and tomorrow, starting with the coming G-20.

Congratulating Obama, the Associated Chambers of Commerce and Industry of India (Assocham) president, Sajjan Jindal said, "Obama Presidency will strengthen the bilateral and economic relationships between India and US would".

<http://www.financialexpress.com/news/industry-welcomes-obamas-victory/381919/>

### Indian companies post 225% investment growth amid gloom

Notwithstanding the global economic gloom, a record 7,068 new projects worth over Rs. 5 lakh crore were announced in the first six months of financial year 2008-09, an increase of a staggering 225 per cent as compared to investments announced in the same period last year.

This was revealed in a study "Project Investments in India" for the six-month period from April to September 2008 carried out by ProjectsToday, India's leading online database on projects investment in India. The study, conducted in the first week of October 2008, covered 27,143 projects entailing a total investment of Rs. 37,68,506 crore (approx. \$875 billion).

Of the 7,068 new projects, 240 were of mega size, each with an outlay of over Rs. 500 crore.

The feat also indicated nearly hundred percent rise over fresh projects investment in the first half of 2006-07, the earlier prominent year in which the country had enjoyed buoyant investment. Manufacturing, electricity and services sectors shared the booty almost equally, reveals the study.

Shashikant Hegde, CEO, ProjectsToday said, "Though in the next six months, the overall projects implementation pace would remain subdued, the recent measures like 60 per cent hike in the annual limit on external commercial borrowings by Indian companies and injection of around Rs. 1,00,000 crore of additional liquidity into the system through reductions in CRR will go a long way in boosting the morale of Indian project promoters. The long term outlook for projects investment looks pretty good."

<http://www.business-standard.com/india/storypage.php?autono=339629>

### **India Inc to go for inclusive growth**

Apart from focusing on their topline and bottomline, the corporates would now also be seen focusing on inclusive growth.

The ministry of corporate affairs has suggested that the corporates should come together and work along with the government in promoting inclusive growth in the country.

Anurag Goel, secretary, ministry of corporate affairs, "In the present global scenario, it's not just the government or the regulators that have a role to play, but even the corporates should come together and play an effective role to contribute in the country's inclusive growth". The 11th Plan defines inclusive growth to be "a growth process which yields broad-based benefits and ensures equality of opportunity for all". The ministry of corporate affairs and industry chamber, Confederation of Indian Industry (CII) had recently come out with a study on the Corporate Social Responsibility (CSR) in which the role of private sector in fostering inclusive growth and globalization has been recognised.

Almost all major companies in India have a CSR programme in areas like education, health, livelihood creation, skill development, empowerment of disabled and woman.

These include the Tata group, Infosys, Satyam Computer Services Limited, Bharti Enterprises, Coca Cola India Pvt Ltd, Pepsico, ITC Welcome group, Johnson & Johnson Ltd, NASSCOMM foundation, Thermax Limited, Hero Honda.

These companies in partnerships with the public sector and the civil societies have provided funds, skills, infrastructure and technical know-how to various people.

This is on lines of various countries who have taken a step forward towards the global initiatives for inclusive growth. Hong Kong and Shanghai Banking Corporation have been supporting a business school for illiterate women in western Maharashtra.

In Ghana, Barclays Bank worked with the local money collectors to provide financial services to the poor, while Ecobank has been providing funds for the website TradeNet, which is a platform for sellers in agricultural business to display their profiles and information on their commodities, prices and locations on the internet, with a view of attracting potential buyers through the Internet.

<http://www.financialexpress.com/news/india-inc-to-go-for-inclusive-growth/383501/>

## **Overseas Investment**

### **Centre to streamline FDI policy as foreign investments touch \$17.2 bn**

The country has managed to receive foreign direct investment (FDI) worth \$17.2 billion in the first six months of this financial year, a whopping 137% increase over the same period last year. But the global financial crisis prompted the government to announce that it would further streamline the FDI policy, including easing of FDI norms in the defence sector, to help meet the target of \$35 billion for the fiscal.

FDI inflow into the country in September alone was \$2.56 billion, a 259% increase over \$713 million in the same month last year, according to government data.

Announcing this on the sidelines of a function organized by CII, Ficci and Assocham, commerce and industry minister Kamal Nath told, "We hope to keep this momentum going for the rest of the financial year."

Expressing optimism that the country would achieve the FDI target of \$35 billion for 2008-09, Nath said the government would soon look at streamlining various aspects of FDI norms, including procedural issues. In 2007-08, India received FDI inflows of \$24.57 billion. In August, the country had received FDI worth \$2.32 billion, a jump of 180% over August 2007.

"The Cabinet will consider this (streamlining of FDI norms) in the next couple of meetings. We will see how we can give a new thrust to manufacturing, especially in defence production, by easing FDI norms,"he said, adding that India has the potential to become a leading manufacturer of defence products.

Nath said the government wants to give a signal to the rest of the world that India is open for more FDI. "We (the government) want to ensure that India continues on the growth trajectory so that the global economic doom is not economic gloom for India,"he said.

<http://www.financialexpress.com/news/centre-to-streamline-fdi-policy-as-foreign-investments-touch-17.2-bn/381514/>

### **Bankers welcome move to provide forex liquidity**

The country's top bankers welcomed the Reserve Bank of India's move to provide forex liquidity to banks that are facing liquidity crunch following the drying up of lines of credit globally.

'Not necessary'

However, the country's largest two banks — SBI and ICICI — said they do not need to avail themselves of this window in the near future.

"State Bank of India has not started borrowing from this window as of now. As far as forex liquidity is concerned, we are positive. We are, in fact, placing money on an overnight basis," said Mr O.P. Bhatt, Chairman, State Bank of India.

"The asset liability is also well-matched in the medium and long term as far as our dollar balance sheet is concerned," he said.

"It is a welcome move and will give a lot of confidence to the Indian banking system," said Ms Chanda Kochar, Joint Managing Director, ICICI Bank.

"ICICI bank has robust liquidity in its branches and subsidiaries and has not borrowed from the RBI window," she said.

<http://www.thehindubusinessline.com/2008/11/09/stories/2008110951180300.htm>

### **Despite global crisis Punjab gets FDI in pharma**

Merial, a joint venture between Merck and Company Inc (USA) and Sanofi-Aventis (France), has preferred Punjab over states like Himachal Pradesh, Gujarat, Andhra Pradesh and Karnataka for setting up a Rs 500-crore vaccine manufacturing plant.

Jean Loius Crosia, president, Merial, while speaking at a meeting with Punjab chief minister Parkash Singh Badal, confirmed that Merial had scouted for investment destinations in Andhra Pradesh, Gujarat, Himachal Pradesh and Karnataka. The company, however, zeroed in on Punjab after getting a favourable response from the Punjab government.

Crosia also revealed that for the company's operations in India, the group has formed a new company, Merial India Private Limited, with an investment of Rs 250 crore. This new company would be responsible for the setting up of an R&D centre to explore India's domestic requirements of the foot and mouth disease vaccine, besides a full-fledged production plant, to be established in Punjab. He further informed that the company has already purchased 20 acre of land in Lalru, Mohali. The first phase of the project would be completed by 2010 and the second and third phases would be functional by 2011 and 2013 respectively. Merial is the only global pharmaceutical company exclusively devoted to animal health and it has also firmed up its plans to pump in \$100 million (Rs 500 crore) FDI, by setting up a foot and mouth disease vaccine-manufacturing project at Lalru.

<http://www.financialexpress.com/news/despite-global-crisis-punjab-gets-fdi-in-pharma/381412/>

### **FDI rules in for major overhaul**

The government has proposed extensive changes in the guidelines for foreign direct investment (FDI) that could impact a range of industries such as telecom, infrastructure, real estate and broadcasting.

The changes include such measures as including investments by non-resident entities in sectoral limits, removing foreign institutional investment (FII) towards calculating sectoral equity limits with caveats and withdrawing key norms in Press Notes 3(1997) and 9 (1999) on 100 per cent foreign holding companies and their downstream investments.

These proposals were part of a note prepared by the commerce ministry and discussed by the Cabinet committee. They are aimed at liberalising the FDI regime not only to attract more foreign investment against the background of a global liquidity crisis but to standardise procedures across various sectors.

FDI inflow touched \$17.1 billion between April and September this year, a 137 per cent growth over \$7.2 billion in the same period last year.

The relaxations will apply to those sectors that have composite limits (FDI plus FII) and for which there are no separate statutes or rules that specifically govern FDI.

If the new norms are cleared, companies will get six months to comply.

The note suggests that the changes be implemented in phases.

The first phase, which was discussed, will finalise methods for calculating direct and indirect foreign equity in Indian companies.

This includes counting investments by non-resident entities (non-resident Indians and Overseas Corporate Bodies) directly in an Indian company as FDI. NRI investments currently do not figure in the sectoral FDI limits.

<http://business-standard.com/india/storypage.php?autono=339479>

### **FIPB nod for 30 FDI-boosting proposals**

As many as 30 proposals involving foreign investment of over Rs 6,000 crore through holding companies have been cleared by the Foreign Investment Promotion Board (FIPB) in the past couple of months. The proposals involve conversion of an operating company into an operating-cum-holding company (OHC) to facilitate downstream investments.

The move is significant since it could boost FDI inflows at a time FII money worth \$12 billion has left the bourses. The clearance of such proposals increased at least 50% this year compared to last year.

The board is also providing clearances to companies that have made downstream investments without prior permission. Clearance with retrospective effect is being provided in such cases subject to compounding by RBI.

Some holding company proposals approved by FIPB in the last two months cover projects such as Essar Global-Asia Motorworks, Adani Power, Mauritius-based private equity major TPG Holdings, Suzlon Energy and Krishnapatnam Ports.

FIPB last week cleared Asia Motorworks proposal for induction of foreign capital worth Rs 590 crore from Essar Global through formation of a holding-cum-operating company. The Indian company would now issue convertible debentures and preference shares to Essar Global worth Rs 590 crore.

Similar approvals were given to TPG to make downstream investments worth Rs 800 crore through a holding company for carrying out investment operations in India. The board also approved Suzlon proposal to set up a holding company to make downstream investment in wind turbine energy systems.

With FIIs pulling out, officials feel FDI is the only route for boosting capital flows. Hence, approvals are being put on fast track.

To expedite clearance of FDI proposals, the board is also rejecting objections of treaty shopping raised by the revenue department. Over-ruling objections from the department of revenue, the Essar Group's Cayman Island-based holding firm Essar Global received FIPB approval for its proposed investment in truck-making company, Asia Motorworks.

In many other cases, the board has given clearances with the observation that the department could continue with investigations.

[http://economictimes.indiatimes.com/News/Economy/Policy/FIPB\\_nod\\_for\\_30\\_FDI-boosting\\_proposals/articleshow/3683048.cms](http://economictimes.indiatimes.com/News/Economy/Policy/FIPB_nod_for_30_FDI-boosting_proposals/articleshow/3683048.cms)

## **Trade News**

### **India to seek more FDI, energy from Gulf**

On the eve of his visit to Oman and Qatar, Prime Minister Manmohan Singh suggested that India can leverage "vast surplus funds" in the Gulf for its development needs in the backdrop of current global financial crisis.

"The current international economic and financial situation provides a unique opportunity for India to leverage the vast surplus funds in the Gulf for our development needs and to accelerate trade and investment flows into each of the countries", Singh said in a statement.

He said that during his visit he would be taking up with the leadership of Oman and Qatar the safety and welfare of Indians working there.

“We have a large number of Indian citizens working in Oman and Qatar. Their contribution to these countries is widely acknowledged and appreciated by the authorities.... During my discussions in Oman and Qatar, I shall also discuss in which we can assure their safety and welfare”, Singh said.

Referring to his visit to Qatar on November 9-10, the Prime Minister said “we attach great importance to our ties with Qatar which is one of the largest and most reliable suppliers of our energy needs from the region”.

He said given the complementarities between the two countries, “I am confident that we can build a mutually beneficial and strategic partnership in this sector”.

The Prime Minister, who also visits Oman on November 8-9, said India attaches vital importance to the Gulf region because of its own security and prosperity. “The Gulf region is an area of vital importance for India's security and prosperity. We have always enjoyed a very special relationship with countries of the region,” he said.

“Nothing epitomizes this more than our ties with the Sultanate of Oman and the Emirate of Qatar,” he said.

<http://www.financialexpress.com/news/india-to-seek-more-fdi-energy-from-gulf/382737/>

### **Belgium keen on trade ties in biopharma, nuclear energy sectors**

Belgium is interested in collaborating with India in biopharma, financial sector, nuclear energy for civil applications and logistics, according to its Minister for Foreign Trade and Foreign Affairs, Mr Du Gucht.

Speaking on the sidelines of a visit to the Indian School of Business (ISB) by Mr Albert II, King of Belgium, Mr Gucht said the possibilities of business alliances, acquisitions and mergers were plenty between the two nations.

“For the last five years, some Indian companies, including Crompton Greaves Ltd and All Cargo, acquired some businesses in Belgium. We have expertise in biopharma and nuclear energy which can be shared with India,” he said. The modalities of collaboration in nuclear energy sector would be discussed in a meeting scheduled to be held in Delhi, he added.

The domestic banking and financial sector is also attractive for Belgium companies in view of the “strong savings” in India.

“One of our companies, KBC, signed an agreement with Union Bank of India for setting up a joint venture asset management company,” he said.

The Belgium king is leading a 150-member delegation which includes 50 representatives from industry in India.

Earlier, the Chief Minister, Dr Y.S. Rajasekhara Reddy, called on Mr Albert and Queen Paola at Hotel ITC Kakatiya Sheraton.

<http://www.blonnet.com/2008/11/09/stories/2008110951010500.htm>

### **India, Australia in pact to promote investment in coal sector**

India and Australia entered into a collaboration to boost trade and investment in the coal sector by focusing on upcoming mining techniques and services, coal to liquid and coal-bed methane projects, an official statement said.

The agreement is a white paper on "Action Plan for Indo-Australian collaboration on the Coal Sector", an official statement from the coal ministry said.

"The main objectives of the Action Plan are to enhance opportunities in two-way trade and investments; increase bilateral cooperation and collaboration in the coal sector, including coal mining services; identify and address barriers to trade and investment opportunities," the statement said.

The agreement was signed by Indian coal ministry's Joint Secretary K S Kropha and Australia's Head of Resource Division in Department of Resources, Energy and Tourism, Bob Pegler in presence of Minister of State for Coal Santosh Bagrodia and Australia's Energy Minister Martin Ferguson.

As per the action plan, the two governments will focus on avenues like mining technology services, underground coal mining, underground coal gasification, coal to liquid, coal bed methane technologies, coal washeries, skilling, training and capacity building, it added.

The Action Plan was formulated under the aegis of the Australia-India Joint Working Group on Minerals and Energy (JWG), the statement said, adding that the progress and completion reports under this white paper will be delivered at JWG meetings.

[http://economictimes.indiatimes.com/News/Economy/Foreign\\_Trade/India\\_Australia\\_in\\_pact\\_to\\_promote\\_investment\\_in\\_coal\\_sector/articleshow/3678635.cms](http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/India_Australia_in_pact_to_promote_investment_in_coal_sector/articleshow/3678635.cms)

### **Bengal, Italy identify key areas of co-operation**

Automotives and information technology could be the two key areas of co-operation between Italy and West Bengal, according to Mr Sergio Chiamparino, Mayor of Turin (Italy).

## Key areas

“Apart from academics, we will explore possibilities in the field of ICT and automotives,” Mr Sergio told.

Academics, however, would be the primary driver of co-operation between the two countries, he said.

According to Dr Sabyasachi Sen, Principal Secretary, Department of Commerce and Industry, Government of West Bengal, leather could be another possible focus area.  
On leather industry

“We have been pursuing this (co-operation in the leather industry) strongly.

“We would want to bring Italian expertise, quality and technology in the tanning industry in the State,” Mr Sen said.

Gem and jewellery, engineering and textiles could be the other areas of collaboration, he said, speaking at the interactive session.

## 11 MoUs

Close to eleven Italian universities will sign a memorandum of understanding with the universities in West Bengal such as Calcutta University, Jadavpur University and Rabindra Bharati University of Burdwan.

The MoU would aim at increasing bilateral co-operation in academics, with reference to scientific collaboration as well as other studies, including literature, art, culture and political science, said Mr Sergio.

<http://www.blonnet.com/2008/11/08/stories/2008110850901900.htm>

## Sectoral News

### Core sector growth gains momentum on coal and cement

In a pleasant surprise, infrastructure industries grew 5.1% in September, after hitting a low of 2.7% a month before. The pick-up in infrastructure growth could be pointer to an upswing in industrial production, after a disastrous August when the industrial growth plunged to 1.3%—the lowest in a decade—and sparked off fears of a recession in the economy. Since the six infrastructure industries have a 26.68% weight on the index of industrial production (IIP), “the figures may have a bit of positive impact on the IIP,” according to Naresh Thakkar, managing director of rating agency ICRA.

The growth in the infrastructure sectors was the highest in the last seven months, according to data released by the department of industrial policy and promotion. But it was

still marginally lower than the 5.8% growth clocked in September 2007. The overall growth in April-September 2008-09 was down to 3.9%, a good 3 percentage points lower than the year-ago figure.

Figures for the latest month show that only three of the six infrastructure industries showed acceleration in output. The most impressive growth was in the coal sector, where growth picked up from 6.3% in September 2007 to 10.7% in September 2008.

Figures for the first six months of the current year also show that coal output grew more than three-fold to 7.9%, from just 2.8% in April-September 2007-08.

The other sector where growth accelerated substantially in September was cement, moving up to 7.9% from 5.4% a year earlier. However, the 6% growth in cement production in April-September was still significantly lower than the 8.7% growth in the same period of the previous year.

Similarly, though the generation of electricity has climbed up marginally to 4.4% in September, the 2.6% overall growth of the sector in the first half was around a third of the growth rate in the same period last fiscal.

<http://www.financialexpress.com/news/core-sector-growth-gains-momentum-on-coal-and-cement/382851/>

### **Food processing industry going strong**

Even in times when slowdown and the fear associated with it is hitting businessmen across the globe, the Indian food processing industry remains undeterred.

The industry's order books are full. This, at a time when Asia's economic and financial systems are likely to come under increased pressure. While countries are revising their GDP figures, various sectors like auto and steel are planning to reduce their output.

The Indian food processing industry exports commodities like basmati rice, pulses, herbs, ready to eat products, pickles, chutney, gravies, poultry, meat, fruits and vegetables. These products are traveling around the world-Europe, USA, Middle East and South East Asia.

Vimal Sawansukha, MD, Aaha Impex Pvt Ltd, which exports mainly to USA said, "I export around 100 tonne of mixed spices, basmati rice, herbs, pickles, chutney and gravies." He claimed that exports have not fallen and there is no sign of it happening in the near future either.

"Food is an essential commodity and people cannot cut down on it," he opined.

Even while experts like Rajat Nag, managing director general, Asian Development Bank forecast that Asia's export-dependent economies will face a sharp slowdown as global

demand weakens, food processing is probably the only sector that remains unaffected by falling global demands.

When most businesses are being consolidated, J D Gupta, proprietor, Process Enterprises, Indore, is in an expansion mode. He is foraying into exports of soya products in the next couple of months.

"There is a good demand for it in foreign markets and we have received good enquiries. I am confident that this business proposition has a great deal of potential and will do well," said Gupta. He is planning to explore markets like Europe, Middle East and Pakistan.

On the other hand, Danish Beg, finance controller, Rei Agro Ltd, said his company exports basmati rice, mainly to the gulf. He said that the company has not faced any cancellation or postponement of orders. "In fact our order book is overbooked," he claimed.

<http://www.financialexpress.com/news/food-processing-industry-going-strong/382722/>

### **Animation industry to be worth \$1.16 bn by 2012, says Nasscom**

IT industry body Nasscom has projected the Indian animation industry to reach \$1.16 billion of revenues by 2012. The industry is currently worth \$460 million and is expected to grow at a CAGR of 27%. The Indian Animation and Gaming 2008 report outlines shortage of skill-sets, high cost of consoles and lack of sufficient bandwidth along with the limited appeal of Indian animation films as some of the challenges facing the industry.

"The fiercely competitive global market place calls for disciplined effort as well as policy measures in this direction. Providing tax breaks and holidays to animation and gaming development studios, setting up education centres and setting up special zones to create an entire ecosystem will go a long way in accelerating industry growth," said Ganesh Natarajan, chairman, Nasscom.

Increase in budgets of Indian animation films, more international releases, improvement in skill sets are expected to be the growth drivers. The gaming and animation industry has outpaced the growth rates of its counterparts and the last few years have seen the industry evolve and mature, said Som Mittal, president, Nasscom.

Custom content development is the largest segment as of today, with an estimated industry size of \$187.5 million while animation education is slated to be the fastest growing. The report expects the gaming industry in India to reach \$1.06 billion of revenues by 2012 from its current \$212 million.

"With change in the intellectual property ownership, the rights of animation will be retained by the developers which will enable them to exploit alternate revenue streams such as merchandising and sale on digital platforms," said Farokh Balsara, national sector leader, media and entertainment at Ernst &Young.

<http://www.financialexpress.com/news/animation-industry-to-be-worth-1.16-bn-by-2012-says-nasscom/382339/>

## **News Round – Up**

### **Global reputation will help Indian firms grow: Gates**

Microsoft chairman Bill Gates said that Indian IT companies will be affected by the global economic slowdown but will continue to grow their business as they have built a global reputation.

“IT companies in India are great partners of Microsoft. They are investing in the long term and they have a pretty incredible reputation. They are always considered whenever a global project comes up,” he said, speaking at a seminar at IIT Delhi.

Mr Gates is currently on a visit to India to promote anti-polio and other healthcare efforts, undertaken by his charitable foundation, the Bill & Melinda Gates Foundation, in the country.

Talking about the financial crisis that started with the US and has now spread to other markets, Mr Gates said that global markets had overreacted in gauging the spread of the crisis. “There is no doubt that the US is in somewhat of an economic recession but it doesn’t need to extend to other markets.

I think the markets have overreacted. The economy will have some weakness for more than six months but it will get back on track,” he said. A proponent of increasing the number of H1-B visas, the speciality worker visas for foreign nationals working in the US, Mr Gates also highlighted the shortage of right skills worldwide during his speech.

[http://economictimes.indiatimes.com/News/Economy/Infrastructure/Global\\_reputation\\_will\\_help\\_Indian\\_firms\\_grow\\_Gates/articleshow/3679119.cms](http://economictimes.indiatimes.com/News/Economy/Infrastructure/Global_reputation_will_help_Indian_firms_grow_Gates/articleshow/3679119.cms)

### **Capital markets may rebound faster than anticipated: Deloitte**

The Indian economy and capital markets are likely to rebound much faster than most people anticipate, according to global consultancy firm, Deloitte Haskins & Sells.

However, the consultancy notes that concerns about curbing inflation, improving the financial flow, lowering lending rates and easing up capital flows would engage the country’s policy makers, said Mr Shanto Ghosh, Principal Economist, Deloitte Haskins & Sells.

The short-term outlook is less pessimistic in India than other markets. The capital markets could turn around within six to nine months.

General concerns

The recent moves by the Union Finance Minister, Mr P. Chidambaram, and regulators will slowly sink in addressing general concerns.

Mr Ghosh told that sectors such as real estate and infrastructure, manufacturing and information technology were already feeling the heat due to the slowdown in the banking and financial services sector in the US and other economies.

But what separates India from the rest was its economy that was largely dependent on the domestic market unlike many other countries in the West, he noted.

<http://www.thehindubusinessline.com/2008/11/07/stories/2008110751690500.htm>