

India News



Economy

India's Gross Domestic Product (GDP) is estimated to have grown at 8.6 per cent in 2010-11 in real terms. Indian economy is expected to grow at 9 per cent with an outside band of +/- 0.25 per cent in 2011-12. The economy has shown remarkable resilience. The finance ministry expects the Indian economy to break the pause caused by the global financial crisis and return to the nine per cent growth path from the next financial year on a sustained basis.



A report by the Asian Development Bank (ADB) has shown projections that India and six other major economies in Asia will be driving the region's growth and could account for more than half of the global gross domestic product by 2050. India would grow to be a US\$ 40.4 trillion economy from the current US\$ 1.4 trillion in 2010.



The output of the six infrastructure industries - crude oil, petroleum refinery products, coal, electricity, cement and finished steel expanded at its fastest rate in five months to March while manufacturing showed signs of pick up in April, together indicating a possible rebound in industrial production. The rise was 7.6% in the index for infrastructure industries in March 2011.



Union Budget 2011-12

The Union Budget 2011-12 presented by Finance Minister, Mr Pranab Mukherjee, in Parliament on February 28, 2011, aims to sustain economic growth and strengthen infrastructure. Mr Mukherjee said that the budget is a transition towards a more transparent and result oriented economic management system in India. He further said that the Indian economy is expected to grow at 9 per cent in 2011-12.

Budget highlights: <http://www.indiabudget.nic.in>



Foreign investment / Forex reserves

Foreign direct investment (FDI) worth Rs 9,967.60 crore (US\$ 2.20 billion) has been received in the cash-and-carry sector from April 2006 to December 2010, with over 900 companies having received FDI for undertaking cash and carry activities. The country's foreign exchange reserves have gone up by \$1.807

billion to \$302.593 billion for the week ended 4 March,2011, according to the Weekly Statistical Bulletin released by the Reserve Bank of India.

Investment

The United States Pharmacopeia (USP), an official public standards-setting authority for all prescription and over-the-counter medicines and other healthcare products, is setting up a new facility at the Genome Valley (ICICI Knowledge Park) on the outskirts of Hyderabad with an investment of \$15 million (approximately Rs 68 crore).

MSD Pharmaceuticals Pvt Ltd, the fully-owned subsidiary of US-based Merck & Co, plans to set up an R&D centre with UK-based Wellcome Laboratories in India with a total investment of US\$ 130 million (Rs 586 crore). The centre, MSD Wellcome Trust Hilleman Laboratories, will be a 50:50 joint venture, and would develop affordable vaccines for developing countries.

US based Identity management software provider SailPoint today has set up an engineering and support centre in Pune with the investment of Rs 4.5 crore. Aimed at supporting the company's growing global customer base, the centre will team with SailPoint's US-based engineering team to deliver next-generation identity management solutions.

GM India is to launch six new vehicles over the next two years in India. GM has invested over \$1 billion in India till date and this investment will be to the tune of \$300 million. GM will be launching a compact vehicle, a sedan, new Captiva model and three light commercial vehicles. One of these would be an SUV-type van, another a multi-utility vehicle and a pick-up van.

Nestle India inaugurated a new manufacturing plant at Nanjangud in Mysore district, Karnataka. The plant, set up with an investment of Rs 360 crore, will manufacture a range of culinary products.

Germany's Wilo SE pump and pumping system manufacturer has inaugurated a hi-tech manufacturing plant at Kolhapur. Built at an investment of Rs 100 crore, the new facility will manufacture standardised water handling pumps and pumping systems. It will produce the latest range of Wilo products for the domestic market as well as for its subsidiary Mather & Platt Pumps Ltd for the global market.

Mergers, Acquisitions and JVs

The Adani group's Mundra Port and Special Economic Zone (MPSEZ) announced the acquisition of Abbot Point Port in Australia for A\$ 1.8 billion (Rs 9,000 crore). Australia's north-eastern state of Queensland is selling the coal export terminal as part of an A\$ 15 billion asset-sale programme.

The Ashok Leyland and Nissan joint venture is to invest around Rs 2,500 crore for setting up a factory near Sriperumbudur to manufacture light commercial vehicles (LCVs). The two partners have said they'd produce 150,000 vehicles as part of the phase-I plan from their existing facilities in the state, till

the new factory goes on stream. All necessary approvals have been given. Sriperumbudur is 40 km from Chennai, where Korean-major Hyundai had set up a manufacturing facility.

Chennai-based Polaris Software Lab announced that it is buying an 85% stake in San Francisco-based digital identity authentication services provider Iden-Trust for \$20 million. The acquisition will mark Polaris' entry into the cloud computing space for financial technology solutions.

Biotechnology

The Indian biotechnology sector is expected to touch the \$10 billion mark by 2015 on the back of emerging opportunities across various verticals, namely bio-pharma, agri-biotechnology, industrial biotechnology among others. Presently, the biotechnology sector in the country is estimated to be around \$4 billion.

Indian Exports

India's merchandise exports reached \$246 billion, registering a growth of 37.5 per cent while imports topped \$350.3 billion, up 21.5 per cent year-on-year during financial year 2010-11. While the recovery had been happening at a sluggish rate in developed economies, bulk of the growth came from newer markets.

The Commerce and Industry Ministry has set a target of achieving \$500-billion exports by 2013-14 through diversification of products and markets and technological enhancement. Commerce secretary Rahul Khullar said a compound average growth of 26.7 per cent per annum was needed to double exports. The government had floated a discussion paper to obtain stakeholders on doubling the country's exports over three years from \$246 billion in 2010-11. The thrust would remain on high technology exports such as engineering, electronics, automobiles, drugs and pharmaceuticals, computer and software-based smart engineering, green technology products and aerospace.

Marine exports at record levels

The earnings from export of marine products crossed the landmark figure of US \$ 2.5 billion in 2010-11, the highest ever, according to provisional estimates of Marine Products Export Development Authority (MPEDA). The export of marine products during April - March 2010-11 touched US \$ 2.67 billion, a growth of 10.96 per cent in quantity, 20.42 per cent in rupee value and 25.55 per cent in US\$ terms, compared to last year. A total of 752,791 tonnes, valued at Rs 12,100.48 crore, were shipped last financial year as against 678,436 tonnes, worth Rs 10,048.53 crore, in 2009-10. The exports worth US \$ 2.13 billion in 2009-10, the provisional figures show. Export of frozen shrimp and frozen squid rose considerably during the period. Large-scale production of Vannamei shrimp in addition to high productivity of black tiger shrimp and increased landing of squid might be attributed for the increase.

Sources: IBEF & various