

Weekly Economic Bulletin

Date: January 26-February 01, 2010

Issue No. 353

Contents

1	News Feature <ul style="list-style-type: none">• Davos meet: India, China steal the show• Exports grow by 9.3% to \$14.6 bn in December• 'Jan manufacturing growth at new high'• Moody's forecasts robust 8.3% growth	Page 1-3
2	Overseas Investment <ul style="list-style-type: none">• Revival in capital inflows gathers momentum• Easier FDI rules for Indian arms of foreign firms• FDI from Mauritius exceeds Rs 2 lakh cr	Page 3-6
3	Trade News <ul style="list-style-type: none">• India, Arab investors to weigh business proposals at conclave• India, S Korea agree to double trade, talk N-deal• India, New Zealand begin talks for free trade agreement	Page 6-8
4	Sectoral News <ul style="list-style-type: none">• Infra investment to grow dramatically: Kamal Nath• Telcos add 19.1 million new users in December 2009• Auto industry growth to accelerate 10-12% in '10• Publishing: India remains top outsourcing destination	Page 9-12
5	News Round-up <ul style="list-style-type: none">• Per capita income grew 13% in 2008-09• India topped project finance deals in 2009	Page 12-13

News Feature

Davos meet: India, China steal the show

Curtains came down on the WEF meeting after five days of intense debate on rebuilding the global economy by world leaders and corporate honchos.

About 2,500 participants, including CEOs of almost all the Fortune 1,000 companies, and government heads discussed and brainstormed the future of the global economy after its worst recession since the World War II.

The 95-member strong Indian delegation at the centrally- heated Congress Centre, nestled in the snow-laden Alps, included Road Transport Minister Kamal Nath, Commerce and Industry Minister Anand Sharma and Planning Commission Deputy Chairman Montek Singh Ahluwalia.

Captains of Indian industry Vijay Mallaya, Rahul Bajaj, K P Singh, Chanda Kochhar, O P Bhatt, Sunil Bharti Mittal and Anand Mahindra spoke on how the emerging economies put up a better show, while the rich countries crumbled under the weight of the financial meltdown.

"India is now being seen as a land of opportunities.

There is an interest in India. India's growth drivers are really more fundamental and advantageous (than in the rich nations)," said ICICI Bank's MD & CEO Chanda Kochhar.

<http://www.financialexpress.com/news/davos-meet-india-china-steal-the-show/573691/>

Exports grow by 9.3% to \$14.6 bn in December

The country's exports grew for the second straight month in December by 9.3 per cent to \$14.60 billion (around Rs 68,000 crore). Overseas shipments were \$13.36 billion in December 2008.

Imports also turned around in December after 11 months, rising by 27.2 per cent to \$24.75 billion compared to \$19.45 in December 2008, according to the official data released.

Exports had turned positive in November after falling for 13 straight months due to impact of the financial crisis. The shipments abroad had risen by 18.2 per cent to \$13.19 billion in November.

During April-December this fiscal, merchandise consignments dropped by 20.3 per cent to \$117.58 billion.

Imports were valued at \$193.82 billion in April- December 2009-10 against \$253.80 billion in the same period last fiscal.

The trade deficit in December rose to \$10.14 billion from \$6 billion in December 2008.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/Exports-grow-by-93-to-146-bn-in-December/articleshow/5523325.cms>

'Jan manufacturing growth at new high'

India's manufacturing in January grew at its fastest pace in almost 1-½ years, boosted by a sharp rise in new export orders that underpin a recovery in the industrial sector, a survey showed.

The HSBC Market Purchasing Managers' Index (PMI), based on a survey of 500 companies, rose to 57.7 in January, its strongest reading since August 2008 and up from 55.6 in December.

A reading above 50 means activity is expanding.

"Any lingering concern that India's manufacturing recovery was tailing off should be well and truly put to rest by this strong release," said Robert Prior-Wandesforde, senior Asian economist at HSBC.

"A second consecutive rise in the PMI has taken the series to a new cycle high, consistent with ongoing double-digit rises in industrial production."

The new orders index rose to 62.9 from December's 60.1.

"The most impressive part of the release was the more than 5 point jump in the new export orders index, which took it to its highest level since October 2007 and indicated that the recovery is by no means dependent on domestic demand alone," said Prior-Wandesforde.

India's central bank surprised markets by raising banks' cash reserve requirements by more than expected and warned of mounting inflation, setting the stage for increasing interest rates in the coming months.

<http://www.financialexpress.com/news/jan-manufacturing-growth-at-new-high/574003/>

Moody's forecasts robust 8.3% growth

Global ratings firm Moody's has said the Indian economy will grow at an accelerated pace of 8.3% in 2010 from 7.5% in 2009.

Since private demand is becoming a bigger driver of growth, there is case for gradually withdrawing the stimulus, indicated Moody's. This, it says, is necessary to ensure that inflation does not become a problem as capacity utilisation continues to rise and private investment picks up.

It expects consumer demand to remain strong even if stimulus is withdrawn as improved labour market conditions would support household confidence. It has noted that consumer

confidence has translated into surging consumer sales as reflected in the strong growth in consumer goods and automobile output.

As for the high inflation, Moody's notes that though the current inflation is primarily due to supply-side factors, normally weighed down by monetary authorities, going forward, the duration and severity of inflation would be largely determined by liquidity. While allowing excess liquidity would add to inflationary pressures, draining liquidity may weigh on output growth by discouraging lending.

Bearing in mind, the weak state of private investment and budding demand-side inflation pressures, RBI is expected to gradually tighten the monetary policy over 2010. Over the course of the year, RBI is expected to lift the repo rate by 125 basis points to 6%.

Investment is expected to be the main driver of GDP growth in 2010 if RBI doesn't hike rates aggressively. Business confidence and capacity utilisation have picked up in recent quarters, which is reflected in higher industrial output. Public investment is also set to surge in 2010 as the government is planning on ramping up the kilometres of road built per day up to 20 by April, from around nine at present and two a year ago.

The government is set to maintain an expansionary fiscal policy. The combined union and state deficit is projected to be around 10% of GDP for the current financial year and come down slowly thereafter. Fiscal authorities face the tricky challenge of trimming the deficit from its current unsustainable level whilst increasing infrastructure spending.

This could be achieved in part by cutting wasteful subsidies on oil and fertiliser that fluctuate wildly due to volatility in international prices. However, cutting subsidies is a politically unpopular move, and even with a stable government coalition in place, it is by no means guaranteed.

Even external demand conditions are expected to be conducive to sustained growth as FDI has been robust, it has said. Besides, the implementation of a unified GST and an increasing government focus on infrastructure spending will bode well for the economy's long-term prospects, it said.

<http://economictimes.indiatimes.com/Indicators/Moodys-forecasts-robust-83-growth-/articleshow/5507218.cms>

Overseas Investment

Revival in capital inflows gathers momentum

The revival in capital flows, which started in financial year 2009-10 and gathered momentum in the second quarter, has remained buoyant even in the third quarter, according to the second-quarter macroeconomic and monetary development report released by the Reserve Bank of India (RBI).

Net inward Foreign Direct Investment (FDI) continued to remain upbeat during the second quarter of 2009-10, reflecting relatively better growth prospects for the economy.

In the April-November period, FDI value increased marginally to \$25 billion (Rs 1,13,750 crore) from \$23.3 billion (Rs 1,06,015 crore) in the corresponding period last year.

Portfolio investments, too, continued their upward trend, mainly due to the revival in Foreign Institutional Investment (FII) inflows since the first quarter of 2009-10.

In the period from April 2009 to January 15, 2010, net FII inflows increased to \$24.7 billion (Rs 1,12,385 crore) compared to an outflow of \$12.1 billion (Rs 55,055 crore) in the same period last financial year.

Inflows under portfolio investment were led by large purchases of equities by FIIs in the Indian stock market and revival in net inflows under American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) due to resurgence in stock prices of Indian companies.

The value of ADRs and GDRs nearly tripled to \$3.1 billion in April-November 2009 compared to \$1.1 billion in the corresponding period last year.

“The better than expected macroeconomic performance of India during 2009-10 and positive sentiments of global investors about India’s growth prospects are the factors primarily responsible for sustained capital inflows during the year so far,” the report said.

During the first half of 2009-10, net capital flows were high, mainly driven by foreign investment inflows, particularly reflecting the turnaround in FII inflows. In banking capital, net inflows under NRI deposits remained high.

Net inward FDI into India remained buoyant during April-September 2009 as compared to the level in the same period in 2008. During this period, FDI was channelled mainly into the manufacturing sector, followed by communication services and real estate sector. Inflows under net external commercial borrowings (ECBs), however, remained low during the period. Short term trade credit recorded a net outflow during April-September 2009 as against a net inflow during the same period last year.

<http://www.business-standard.com/india/storypage.php?autono=383957>

Easier FDI rules for Indian arms of foreign firms

The government has decided to allow Indian arms of foreign firms to use internal accruals for reinvestment in downstream sectors, provided they are reckoned as debt and comply with relevant external commercial borrowing (ECB) norms. The new regime would let these firms, owned or controlled by foreign companies, to bring in additional capital without breaching the foreign direct investment (FDI) caps, as the reinvested funds are not treated as equity capital, official sources told.

The move would greatly ease the cash flow of foreign companies present in India and enable them to compete with local firms on a level-playing field.

Currently, FDI caps in key sectors impede the downstream investment plans of companies incorporated in India as wholly owned or majority-owned by foreign firms. Downstream investment refers to either fresh investment or acquisition by foreign-owned Indian holding company in a project of “different activity” which may or may not belong to the same group.

The department of industrial policy and promotion (DIPP) would soon make necessary amendments to the Press Note 4 of 2009, which stipulates downstream investment policy, the sources said.

If such investments are classified as debt, revenue generated from Indian operations of foreign firms in sectors like telecom, aviation and defence, where FDI is capped, could be used to a greater extent for downstream investments, the sources added. However, such re-investment of the internal accruals has to be done through redeemable or compulsory convertible preference shares. Officials said the rider was to ensure that the money brought in through this route was not treated as capital and complied with the relevant ECB guidelines.

<http://www.financialexpress.com/news/easier-fdi-rules-for-indian-arms-of-foreign-firms/571893/>

FDI from Mauritius exceeds Rs 2 lakh cr

Mauritius has contributed to the largest foreign direct investment (FDI) inflow into the country at over Rs 2,00,000 crore since 2000 and up to November 2009, amid speculation that investors from other regions are also routing their money through the island nation to take advantage of the tax treaty.

FDI inflows from Mauritius stood at Rs 2,01,694 crore (\$45.24 billion) from the April 2000-November 2009 period, accounting for 44 per cent of the Rs 4,86,480-crore foreign direct investment inflows into the country during the period.

The other big investors included Singapore, the US, Britain and the Netherlands.

While investors get higher returns on their money in India, those from Mauritius "get even higher returns on their capital, as we have a double taxation avoidance treaty (DTAT) (with the island nation)," Crisil principal economist D K Joshi said.

Of late, the government has reportedly found many cases of misuse of the DTAT with Mauritius, including round-tripping, and is working towards revising the treaty to prevent its further abuse by companies, domestic or foreign.

However, dismissing the notion that Mauritius is a tax haven, the island nation's Vice-Prime Minister Ramakrishna Sithanen recently said he had not received any complaints from New Delhi about routing investments via his country to evade taxes.

Round-tripping is usually referred to as routing of domestic investments through Mauritius to take advantage of the DTAT to pay lower taxes on profits.

The services sector topped the table in attracting foreign direct funds, cornering as much as 22 per cent of the cumulative equity FDI inflows into the country during the period under review, followed by software, computer hardware, telecommunications and real estate.

The country has received \$20 billion FDI during April-November 2009-10. In the fiscal year 2008-09, it was \$27.3 billion.

The government has formed 'Invest India', a joint venture firm with industry body Ficci to attract more foreign direct investments into the country.

<http://www.business-standard.com/india/news/fdimauritius-exceeds-rs-2-lakh-cr/383792/>

Trade News

India, Arab investors to weigh business proposals at conclave

Business proposals and \$15-billion projects in various sectors are slated to be discussed at the forth-coming India-Arab Investment Projects Conclave next month. The external affairs ministry, Ficci and League of Arab states are jointly organising the second conclave in New Delhi from February 8-9.

Senior MEA officials told, "The second edition has been envisaged to further build upon the momentum generated by the first conclave, held in April 2008. The mechanism has been institutionalised as mutual investments are important for both sides. It aims to create a long-term economic structure and to provide an ideal platform for investors to discuss business possibilities in India and in Arab countries."

With 17 Arab countries confirming their participation in the meet this year, 10 trade and industry ministers accompanied by high-level business delegation will come to India. Iraqi minister of industry and minerals Fawzi F Hariri will be attending the conclave for the first time.

Specialised Arab trade and business promotion agencies like GUACCIA, GAFI, EDB-Bahrain, Arab Investors Union, Union of Arab banks, Arab Economic Union, Arab organisation for mining and industry, AICTO and OAPEC would also be represented by their senior officials at the meet.

According to MEA officials, ahead of Prime Minister Manmohan Singh's visit to Saudi Arabia soon (dates are still being worked out), investment proposals would also be discussed when a Saudi delegation headed by their deputy minister for trade comes here for the meet.

Indian companies have already invested around \$2 billion in the Gulf's largest economy. Reportedly, the UAE emerged as the India's Arab top trading partner with non-oil trade totalling \$ 20 billion.

India-Arab trade stood at \$46 billion in 2008. Also, the \$100-million Oman India Fund that is expected to invest in various sectors in both the countries, will be discussed in the

conclave and is expected to be launched shortly. Infact, Oman is looking forward to invest in India's small and medium enterprises.

With India emerging as global economic power imbued with strong and stable economic fundamentals and capacity to build upon its inherent strengths, there has been a rising interests in Arab countries to proactively engage the resurgent Indian economy for mutual benefits.

<http://www.financialexpress.com/news/india-arab-investors-to-weigh-business-proposals-at-conclave/572165/>

India, S Korea agree to double trade, talk N-deal

In the wake of the Comprehensive Economic Partnership Agreement, Prime Minister Manmohan Singh and South Korean President Lee Myung-bak agreed to double bilateral trade between the two countries to \$30 billion by 2014 and begin negotiations on a civilian nuclear agreement.

Mr Singh and Mr Lee held discussions on a wide range of issues with both sides agreeing to raise the partnership to a strategic level.

"Considering that the Korea-India partnership is a factor for peace and stability in Asia, Mr Lee and Mr Singh agreed to enhance bilateral relations to a strategic partnership," a joint statement issued after the discussions between the two leaders said.

Mr Lee, speaking at a business meet, noted that South Korea was the ninth country with which India now has a strategic partnership and called the elevation of ties a significant development for bilateral relations ." Mr Singh said that India was committed to ties with South Korea. We are committed to developing a robust and comprehensive framework for strategic engagement with Korea," he said.

The Posco steel project in Orissa was also discussed with both sides agreeing that there was a need to expedite the project, which has been facing delays for three years. The two leaders also recognised the need to expedite the implementation of the POSCO project in Orissa," the joint statement said.

The Indian side assured South Korea the government is doing its best to expedite the project, which continues to be entangled in land acquisition issues. The Indian side further hoped that South Korean investment would expand in the infrastructure and manufacturing sectors.

Adding another dimension to bilateral ties, Mr Lee and Mr Singh also agreed to facilitate bilateral civil nuclear cooperation with South Korea expressing keen interest in building nuclear reactors in India.

They agreed to facilitate development of a framework for bilateral civil nuclear co-operation ," the joint statement said

India has taken note of the fact that KEPCO, a power corporation, won a big contract worth \$20 billion in the United Arab Emirates. Mr Lee also made a strong pitch for civilian nuclear cooperation. At a business luncheon, Mr Lee, on a lighter vein, said he had "boasted" to foreign affairs minister Mr S M Krishna about the competitiveness of South Korean companies in the civilian nuclear field and revealed that he was behind building the first two nuclear reactors in South Korea.

Apart from the civilian nuclear sector, the two sides also agreed to look at the possibility of joint venture co-operation in research and development, and manufacture of military equipment including through transfer of technology, the joint statement said. The two leaders also agreed to work towards a revised double taxation avoidance convention before the end of 2010.

Mr Lee, who is the chief guest for the Republic Day celebrations, was given a ceremonial welcome at Rashtrapati Bhavan. UPA chairperson Sonia Gandhi and Vice President Hamid Ansari also met Mr Lee.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-S-Korea-agree-to-double-trade-talk-N-deal/articleshow/5501000.cms>

India, New Zealand begin talks for free trade agreement

India and New Zealand have begun negotiations for a free trade agreement, a minister said.

New Zealand Trade Minister Tim Groser said the negotiations started in Switzerland where he met Commerce Minister Anand Sharma.

Groser said negotiators would target the high barriers to trade.

"India has a population of more than one billion and is expected to be the third-largest economy in the world by 2025. I think they see New Zealand in strategic terms, because we are at the forefront of APEC (Asia-Pacific Economic Cooperation), and India wants to join."

India-New Zealand Businessmen Council chairman Wenceslaus Anthony said that despite barriers, India was one of New Zealand's fastest-growing markets and exports had tripled in the past decade.

"Exports to India have increased dramatically in the past two years with much of that increase coming from coal, milk powder and logs from South Island areas. But many of the hi-tech industries in and around Christchurch also have an interest in the Indian market.

"India's growth rate having recovered quickly from the economic recession, our council has noticed a much increased level of interest amongst New Zealand companies in the Indian market."

Exports to India have increased dramatically in the past two years with much of that increase coming from coal that accounts for almost half of total export, NZ \$653 million. New Zealand's imports from India have also grown significantly in recent years.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-New-Zealand-begin-talks-for-free-trade-agreement/articleshow/5523552.cms>

Sectoral News

Infra investment to grow dramatically: Kamal Nath

Infrastructure investment into India is set to grow dramatically, and infrastructure funds will flow into soon "in a big way" said Kamal Nath in Davos, though he won't mention specifics.

Based on his current interactions with potential investors, including the likes of pension funds. Kamal Nath is no stranger to Davos or its regulars. Long before he started his ambitious roads projects, Mr Nath started selling the India story overseas, and pretty much personally knows almost everyone at Davos -- say hello to him for me, says Sir Mike Rake, chairman of British Telecom.

Mr Nath said, "When we first started selling the India story in 1993, we've come a long way. Five years ago, Indians were seen, but not heard. A few years ago, Indians were seen and heard, but not engaged with. Now, Indians are seen, heard, and engaged with. Just look at the number of programmes that have Indian speakers," says Mr Nath, who is himself addressing two special sessions.

How have things changed? First he points out a number of people are comprehending that the investing world has not engaged with India enough. And then today it's not about India seeking inward investment. "India has become a major outbound investor and people are engaging with Indians to seek investment into their countries," says a visibly satisfied minister.

India's growth story remains intact, he says, and India is considered an essential engine for growth by all businesses. "I've talked to many investors, they're closely watching India," he said.

Not only has the world's perception of India changed, India's perception of itself has changed as well.

<http://economictimes.indiatimes.com/news/economy/infrastructure/Infra-investment-to-grow-dramatically-Kamal-Nath/articleshow/5510768.cms>

Telcos add 19.1 million new users in December 2009

The Indian mobile service providers added a record 19.10 million users in December 2009, higher than 17.6 million added in November. This is also the highest monthly growth recorded by any telecom market ever globally.

Tata Teleservices led the December additions with over 3 million new users beating Bharti Airtel for the fifth consecutive time to maintain the leading position in terms of monthly

subscriber additions. Bharti Airtel added 2.85 million users, according to figures released by sector regulator, Trai.

"Tata Tele has shown outstanding performance in past few months because of its operation structure, quality of service and the coverage. It will continue to add such high numbers in the coming months also," AUSPI secretary general S C Khanna said.

However, Bharti Airtel is still the largest operator in the country with over 118 million subscribers on its network, while Tata Teleservices has about 57 million users on both CDMA and GSM platforms. The total number of mobile phone users in the country now stands at 525.15 million compared with 506.04 million in November.

Reliance Communications lost the second position to Bharti Airtel by just a few millions. It added 2.8 million users in December. Reliance Communications now has a total subscriber base of 94 million.

Idea Cellular, which had recorded its best performance in November by adding over 2.5 million users added just 1.7 million users in December, taking its total subscriber base to 58 million.

Vodafone Essar maintained its consistent performance by adding close to 2.7 million users in December. The operator is now serving over 91 million users.

Aircel followed Idea Cellular to add 1.6 million users in December taking its total subscriber base to 31 million. Sistema Shyam, a new entrant in the CDMA space, added 0.4 million users in December.

Uninor, which recently launched its GSM services, added 1.2 million subscribers. Uninor, the telecom venture of realty major Unitech Group and Norway's Telenor, launched its services last month in seven circles. State-owned telcos MTNL and BSNL together added over 2 million users in December. The operators now have a subscriber base of 4.8 million and 62.8 million, respectively.

<http://economictimes.indiatimes.com/news/news-by-industry/telecom/Telcos-add-191-million-new-users-in-December-2009/articleshow/5507116.cms>

Auto industry growth to accelerate 10-12% in '10

The Indian auto sector is likely to witness an overall growth of 10%-12% in sales during 2010 and a faster recovery is expected in passenger vehicle (PV) volumes—of 12%-14%—compared with 5%-6% for the commercial vehicle (CV) segment. The positive outlook for demand could result in a sharp increase in capex plans, which could offset the positive impact on credit profiles of higher volumes and lower inventories, said Fitch Ratings.

The trend should fall in line with the improvement in the domestic economic environment and improved availability of credit. Although domestic sales volumes are expected to recover, exports are likely to remain an area of concern due to the slowdown in global automotive markets and the expiry of scrappage incentives for replacing older vehicles (as

were offered for PVs in 2009). PV sales began to improve from June 2009 and CVs from October 2009.

The PV rebound has been supported by an improving liquidity scenario and restoration of consumer confidence; modest growth in industrial production, together with the government stimulus, has brought about stability in CV sales, though at lower levels than for PVs.

Domestic CV sales grew by 22.3% during April-December 2009 compared with same period in 2008, building on the recovery in demand beginning Q4 09. However, growth trends have distinctly varied within the CV segment - depending on the tonnage capacity and end-use, as light commercial vehicles (LCVs) have been able to maintain their ground while medium and heavy commercial vehicles (M&HCVs) continued to face pressure due to the decline in industrial output.

The M&HCV segment is now stabilising with the higher industrial production, while the LCV segment is showing a more rapid recovery. Fitch expects the full-year 2010 numbers to reveal moderate growth in the range of 5%-6% for domestic sales, with the first few months being driven by regulatory guidelines pertaining to fiscal benefits and less stringent emission norms.

<http://www.financialexpress.com/news/auto-industry-growth-to-accelerate-1012-in-10/572689/>

Publishing: India remains top outsourcing destination

India remains the destination of choice for content, design, media distribution and other outsourced publishing work. Sixty-six per cent of respondents in a recent publishing survey said they would prefer to outsource publishing and pre-press work to India over competitors like the US, UK, China, Australia and the Phillipines.

The survey conducted by research firm Valuenotes Database among 237 publishers, consultants and service providers, largely from the US and UK, notes that India remains a favoured publishing sourcing destination with 66 per cent of the respondents rooting for it. India was followed by the US with 30 per cent, the Phillipines (18 per cent), UK and China (16 per cent each), Vietnam (8 per cent) and Australia (5 per cent), with the remaining 18 per cent in favour of other upcoming destinations.

Rakhi Vig, manager - product sales with Valuenotes Database, said the increasing costs of production and print, coupled with the global economic slowdown, has led to the industry struggling to address the increasing demand of digital content as opposed to print. "Over the past few months, we have seen publishers trying a variety of approaches - going digital, reducing print publishing, and cutting costs. In spite of these measures, one thing comes across very strongly - the industry is yet to find that one formula that addresses all its problems," she said.

Some 64 per cent of the publishing buyers (companies outsourcing publishing work) have been outsourcing different aspects of their work, and would continue to do so, the survey said. Eight per cent of the companies are not outsourcing at present, but are considering

the possibility, while another 8 per cent said they were outsourcing some aspects of their work, but intended to stop the practice soon. Five per cent of the respondents were unsure about whether to outsource, while the remaining 15 per cent definitely had no plans to outsource.

<http://www.business-standard.com/india/news/publishing-india-remains-top-outsourcing-destination/383728/>

News Round-Up

Per capita income grew 13% in 2008-09

Revised estimates of national income reveal that India's per capita income grew by 13.3 per cent to Rs 40,141 in 2008-09, against the revised estimate of Rs 35,430 for 2007-08.

An earlier estimate had stated that the per capita income for 2008-09 had grown by 12.6 per cent on an annual basis to Rs 37,490, against the old estimate of Rs 33,283 for the same period.

However, according to the revised estimates, saving as a percentage of the gross domestic product (GDP) declined to 32.5 per cent during 2008-09 compared to 36.4 per cent in 2007-08.

However, the growth in GDP stood at 6.7 per cent for 2008-09 by both the old and the new methods.

The revised estimates of national income that took into account the 2004-05 prices were announced by the government. The new series of national income factored in the change of base year to 2004-05 from 1999-2000.

According to the estimates, gross domestic savings at current prices (2008-09) is estimated to constitute 32.5 per cent of GDP (at market prices) at Rs 18,11,585 crore in 2008-09, against 36.4 per cent in 2007-08.

Moreover, the rate of gross domestic capital formation at current prices is 34.9 per cent in 2008-09 at Rs 19,44,328 crore, as against 37.7 per cent in 2007-08.

The new series, besides the shifting of the base year, incorporates improvement in coverage as recommended by the System of National Accounts of the United Nations, World Bank and the International Monetary Fund.

Moreover, the new series takes into account the latest available results of long-term surveys by the National Sample Survey Organisation.

<http://www.business-standard.com/india/news/per-capita-income-grew-13-in-2008-09/384106/>

India topped project finance deals in 2009

SBI Caps heads global loan chart; power sector dominates.

A study ranked India on top in the global project finance market in 2009, ahead of Australia, Spain and the US.

The study, by Project Finance International (PFI), a source of global project finance intelligence and a Thomson Reuters publication, said the main market for project finance (PF) in 2009 was the domestic Indian market, which raised \$30 billion (Rs 1.38 lakh crore), accounting for 21.5 per cent of the global project finance market. This was up from \$19 billion in 2008.

Also, for the first time, investment bank SBI Capital Markets, a subsidiary of State Bank of India, topped the global loan chart, ahead of top French, British and US banks. Three French banks followed: Calyon, BNP Paribas and Societe Generale.

“The global project finance market was propped up in 2009 by government-linked projects such as social infrastructure and renewables and by the fact that 20 per cent of the market is in India, which surged to become the biggest and busiest market last year, toppling Australia from the previous year’ top position,” said PFI in its study.

It was not only SBI Capital Markets which was gaining attention in the loan market. Among other domestic loan arrangers, IDBI Bank was ranked second, Infrastructure Development Finance Company (IDFC) was ranked third and Axis Bank fourth in the Asia-Pacific region.

“At IDFC, our focus will be domestic markets only and given the size of opportunities in India, we would still further grow our operations here,” said Vikram Limaye, executive director at IDFC.

<http://www.business-standard.com/india/news/india-topped-project-finance-deals-in-2009/383742/>