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News Feature

Core sector grows by 4.5% in Feb

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

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

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

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

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

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

<http://www.business-standard.com/india/news/core-sector-grows-by-45-in-feb/389891/>

'Economy to grow between 8 and 8.5%'

The economy is expected to grow between 8 per cent and 8.5 per cent next year amidst concern of inflation, the Chairman of Economic Advisory Council to the Prime Minister, C Rangarajan, said.

"In last three to four weeks some decline in food prices has been seen and with all indications that rabi output will be as good as last year's, I think it should act as dampener on food prices," he told on the sidelines of the 45th IIM-A convocation.

The overall inflation, however, may continue to remain high in next two months, Rangarajan said. Replying to a query on possible hike in key interest rates in the back of inflationary pressures, Rangarajan said, "RBI has done it already and they will watch the developments in next two to three weeks.

<http://www.financialexpress.com/news/economytogrowbetween8and8.5/596630/>

Overseas Investment

Rider in new ruling makes FII income tax-free

In a landmark ruling on taxing of income from derivative transactions by foreign institutional investors (FIIs), the Authority of Advance Ruling (AAR) has said such income will be classified as “business income”. However, to tax a business income, the laws require a permanent establishment of the FIIs in India.

Tax experts say it is a big relief for FIIs, since most of them operate from offshore with the help of local banks which act as custodians of such transactions.

The ruling, was for Royal Bank of Canada (RBC), a registered FII in India with Citibank as its settlement agent here. RBC had sought an advance ruling for a clarification on taxing the profit earned/losses incurred from transactions in future and option contracts traded on Indian stock exchanges. The experts say the ruling now overrides Section 115AD of the Income Tax Act which deals with taxation of income by FIIs from securities or capital gains arising from transfers.

The revenue department in its appeal to AAR had stated that there could not be any income outside the purview of Section 115AD as far as FIIs were concerned. Besides, Section 115AD classified all such income as “capital gains”.

To this, AAR stated that this section was just to facilitate special or concessional rate of taxation on income of FIIs and could not be used as a blanket provision to deny any other classification of income of the FIIs.

In India, while business income for local companies of foreign entities is taxed at 55 per cent, capital gains is taxed at 20 per cent or less, depending on whether they have a double taxation avoidance treaty and rates specified therein. However, to tax a business income, the company has to have a permanent establishment in India. RBC, in its filings, had showed that it had a representative office in India but was engaged in core banking activities and did not play any role in FII related activities.

“Derivatives have a short life. They do not yield any income like dividends and, therefore, investment with a view to derive income is not feasible. Besides, volume of transactions is huge to justify that the trading is for business purposes and not for investment,” the ruling said.

RBC had also sought an advance ruling on taxation of profit and losses arising from transaction on purchase and sale of equity shares or other tradable securities on Indian stock exchanges. To this, AAR reserved its ruling and stated that classification of such income depended on the fact that whether such transactions were in the nature of index arbitrage trading or for hedging activity.

<http://www.business-standard.com/india/news/rider-in-new-ruling-makes-fii-income-tax-free/389685/>

FII's debt investments see 12-fold rise

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

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

“Yields on short-term bonds have moved up and the curve is looking attractive. We have not seen similar participation in the past. We will see an increase in the level of FII flows in debt in the coming year too, as the rating has been upgraded now,” said a senior executive of a foreign bank.

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

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

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

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

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

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

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

<http://www.business-standard.com/india/storypage.php?autono=389491>

FII investment cap could be raised for core bonds

After scaling up the infrastructure investment target to \$1 trillion for the 12th Plan, the government now proposes to take a series of steps to channel long-term funds to the sector. A step being mulled is a special dispensation for FIIs wanting to invest in infrastructure bonds; a higher limit would be set for them above the \$15-billion ceiling on foreign investment in corporate bonds. Greater flow of foreign money into the bond market on the back of India's aggressive infrastructure investment plans is also expected to spur the development of a secondary market for bonds, a key policy objective for quite some time.

Further, bonds floated by banks to raise funds for infrastructure lending would be exempt from SLR and CRR (statutory liquidity and cash reserve ratios) requirements. The exemption would partly address the issue of asset-liability mismatch faced by banks on their exposure to infrastructure projects and also ease the constraint in raising long-term resources, according to official sources.

The current limit of FII investment in corporate bonds is not fully used up. The government, however, reckons that the scenario would change in the coming months, given the strength of the Indian infrastructure story that is still to unravel. The assessment is that cash-rich FIIs would find infrastructure bonds issued by Indian firms attractive. FIIs investing in infrastructure projects would face a "natural lock-in" in the absence of buyers during the construction phase of the project, an official said.

Finance minister Pranab Mukherjee said at a function that apart from public sector entities like NHAI, REC and IIFCL, private firms would also be allowed to issue tax-free infrastructure bonds.

The government also wants to clearly define the role of India Infrastructure Finance Company Ltd (IIFCL), its special purpose vehicle for addressing the paucity of compatible funds for infrastructure projects in many sectors. The idea is that as a lender of last resort (rather than yet another primary financier), IIFCL would be empowered to give an assurance on take-out financing to infrastructure firms even before they approach primary financiers.

<http://www.financialexpress.com/news/fiiinvestmentcapcouldberaisedforcorebonds/595769/>

Easy norms for FDI up to Rs 1,200 crore

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

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

Now, the FDI proposals up to the threshold of Rs 1,200 crore would be considered by the Foreign Investment Promotion Board (FIPB). Earlier, such proposals above Rs 600 crore

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

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

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

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

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

<http://www.financialexpress.com/news/easynormsforfdiuptors1-200crore/596159/>

Govt approves FDIs worth over Rs 2,300 cr

The government approved 23 Foreign Direct Investment (FDI) proposals worth over Rs 2,325.21 crore, including that of broadband services provider Tikona Digital Network and auto components maker Bharat Forge.

"The Union Government has approved 23 FDI proposals amounting to approximately Rs 2,325.21 crore," an official statement said.

The highest FDI of Rs 1,142.21 crore is likely to come into Tikona Digital Network from convertible debenture and share sale, followed Kalyani group company Bharat Forge's proposal to raise Rs 576 crore by issuing warrants to overseas investors and medical device maker Opto Circuits' Rs 376.27-crore proposal.

Also, the government has deferred eight proposals, including Essar Capital Holding, Verizon Communications and Etisalat DB Telecom, besides rejecting six FDI proposals. However, Star India Holding has withdrawn its Rs 324.59-crore proposal, the statement said.

<http://www.financialexpress.com/news/govtapprovesfdisworthoverrs2-300cr/597039/>

FDI appears to be bypassing the telecom sector

Foreign Direct Investment (FDI) appears to be bypassing the telecom sector , despite India being one of the most attractive and fastest growing telecom markets.

An analysis of the ownership details revealed by nine bidders for the 3G auctions opening on April 9, reveals that the average FDI holding is just below 40% (39.7%).

This changes the common perception that FDI levels in the telecom sector are very high. It also reveals that despite the fact that FDI limits were raised from 49% to 74% five years ago, foreign investors have not utilized the higher investment ceiling.

In addition, foreign telcos have given the 3G auctions a miss. This has wiped out the possibility of a large chunk of fresh FDI inflow and also reduces the auction's potential to generate telecom minister A Raja's original revenue target of Rs 40,000 crore.

Among the nine bidders, Vodafone accounts for the highest FDI at 70.9%, which includes Vodafone's investments and some of Essar's own foreign investments. The second largest FDI is in Aircel with its foreign investor — Global Communication Services Holding (GCSH) owning 64.9%. Deccan Digital, which owns 34.9% is, in turn, also held 25% by GCSH.

So in that sense, the exact foreign holding in Aircel is closer to 74% through direct and indirect routes.

The other two bidders with leading foreign investments are Etisalat and S Tel. Etisalat Mauritius holds 44.73% in Etisalat India with Delphi Investments holding 4.27%, totalling 49%. Bahrain-based BMIC Ltd owns 42.7% of the 49% FDI in S Tel.

Bharti Airtel and Idea both have roughly 40% FDI. Pestel Ltd is Bharti's largest foreign investor with a 15.5% holding, followed by foreign FIs, foreign companies and shareholders who own 17.9% FDI. Idea has FDI of 40.5% through TMI and P5 Asia Investments.

Tatas have an FDI of 34.1%, mostly through NTT Docomo, which is the single largest foreign investor at 26.5%. The only bidder that has 100% Indian investment but barely any 2G operations is Videocon. Reliance communications also has a very large chunk of its total investment held by Indian promoters.

While foreign investments coming in after the 3G bidding is over is a possibility, the lack of foreign investors' interest in 3G bidding or even investing up to the full 74% FDI limit in 2G operations should be of concern to the government.

In fact, Telenor, one of the major new foreign investors is staying away from 3G auctions altogether.

FIs had made it clear in 2008 that 3G bid conditions presented huge entry barriers to new entrants in general and foreign investors in particular.

Despite this, a year after the first set of guidelines were issued, the 3G entry norms were not adequately altered, resulting in nine bidders joining the race for three pan-India 3G licences but without any new Indian or foreign investor in contention.

<http://economictimes.indiatimes.com/news/economy/finance/FDI-appears-to-be-bypassing-the-telecom-sector/articleshow/5737976.cms>

Trade News

India, China will expand bilateral co-operation

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

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

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

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

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

Bio-technology

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

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

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

<http://www.blonnet.com/2010/03/27/stories/2010032753171500.htm>

Canada to be one of the focus countries for VGGIS

In a view to increase the bilateral trade and investment between Canada and the state of Gujarat, the Consul General of Canada - Western Region met senior officials of Government of Gujarat and Industrial Extension Bureau (iNDEXTb).

Marvin Hildebrand, the Consul General of Canada expressed keen interest in the business opportunities in diamonds and the Gujarat element of the development of the Delhi-Mumbai Industrial Corridor, as well as the existing business between the two countries with an Indian FDI of US\$ 1022 mn and the Canada FDI of US\$ 801 mn.

Enquiring about the opportunities available on the Vibrant Gujarat 2011 Summit platform the Consul General was informed that Canada is one of the focus countries and that the Government of Gujarat would be delighted to consider increased cooperation in the sectors of oil and gas, infrastructure, gems and jewelry and other related areas of interest between the two partners.

Noting the consistent double digit growth of Gujarat in these times of global recession, Hildebrand enquired about the possible areas of bilateral trade and investment in Gujarat. In view of the recent opening of the Canadian Trade Office in the State, Hildebrand said, "We endeavour to enhance the two-way trade and investment opportunities between Canadian companies and businesses in Gujarat and for this we look forward to the support and cooperation from Government of Gujarat."

He further added, "To increase the benefits of the commercial activities between Canada and Gujarat, we need to identify the opportunities to enhance the business interest as we see a lot of activity with India and especially in Gujarat."

The Consul General was presented with detailed information about the avenues of business opportunities available in Gujarat, especially the cluster-based development in the DMIC region.

<http://www.business-standard.com/india/news/canada-to-be-on-the-focus-countries-for-vqgis/389819/>

Australia keen on sports biz deals with India

Australia is exploring business opportunities in the sporting arena in India and is looking at partnerships with Indian businessmen to improve sporting infrastructure here. "We are looking at partnerships not only for cricket but also for development of other sports like hockey, football and lawn tennis," Peter Forby, consul general and trade commissioner, told.

Forby said Australian businessmen are not only looking at the metros and the bigger cities but also smaller towns. To help them get into partnerships with Indian business people, the trade commission has started an initiative called Business Club Australia (BCA). It provides a platform to business people to explore opportunities in India.

BCA has already launched initiatives for the Commonwealth Games to be held in Delhi in October. "Forty six Australian companies have won contracts valued at A\$61 million (Rs 252 crore) in Delhi for the Commonwealth Games. Australian involvement includes

stadium and athlete village design, surfaces, training, licensing, security, ticketing and design and implementation of the Queens Baton Relay,” said Forby.

<http://www.business-standard.com/india/news/australia-keensports-biz-dealsindia/389678/>

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

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

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

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

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

However, he added: “We have witnessed tremendous enthusiasm and interest by the businessmen of the region who have started taking India seriously as a long-term bet. The global crisis made them realise the limitations of their traditional partners US and Europe. They are attracted by the opportunities offered by the new long-term high-growth large markets such as India.”

<http://www.financialexpress.com/news/ficci-ciilayroadmaptodevelopindialactrade/596162/>

Sectoral News

Auto industry records highest ever sales this financial year

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

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

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

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

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

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

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

"March has always been a high growth year for the industry and this time also we expect the overall industry to grow by over 30 per cent by this month end compared to the same period last year. This, despite the two consecutive hike in car prices and a marginal increase in interest rates," Ankush Arora, vice president (sales and marketing), General Motors India, said.

<http://www.business-standard.com/india/news/auto-industry-records-highest-ever-sales-this-financial-year/389888/>

PC sales log 42% growth as downturn fears wane

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

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

"The impact of the global economic recession is now well behind us and the IT hardware industry in India is once again on a growth path," said Vinnie Mehta, executive director, Mait. He added that the corporate sector, which had displayed significant caution in IT spending over the past five quarters, led the growth in consumption. In terms of verticals,

consumption was higher in telecom, banking, education, SMEs, BPO/IT-enabled services and the e-governance initiatives. Moreover, the consumer segment is also picking up.

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

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

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

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

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

<http://www.financialexpress.com/news/pcsaleslog42growthasdownturnfearswane/594182/>

Coir exports to exceed target

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

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

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

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

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

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

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

<http://www.financialexpress.com/news/coirexportstoexceedtarget/595702/>

News Round-Up

Growth has percolated to all states: Planning Commission

Benefits of economic growth over the last few decades have reached all states, although in different measures, a Planning Commission analysis of state growth rates during the last five Plan periods reveals. However, differences in the level and rate of economic development across states remain and have again started rising after declining during the Ninth Plan.

There were as many as 10 states, including Assam, Bihar, Chhattisgarh, Gujarat, Jammu & Kashmir, Madhya Pradesh, Maharashtra and Punjab, that were growing below 5% during the Ninth Plan period (1997-2002). But growth rate in these states increased sharply during the 10th Plan (2002-07) except for Madhya Pradesh, which posted a growth rate lower than 5%. Many of these states were expected to build on the momentum and cross into double digit growth in the 11th Plan, but the financial crisis and the slowdown could have halted the progress.

The variability between the rates of growth in different states increased slightly between the Seventh and Eighth Plan, showing that relatively well-off states grew at a faster rate than others. Although in the Ninth Plan, it came down considerably, it has been going up since then, the analysis which is part of the mid-term analysis of the 11th Plan stated.

A considerable difference in rates of growth remained between states at the top and those at the bottom of the pile during the 10th Plan. While states like Gujarat, Delhi, Haryana, Goa and Orissa posted growth rates ranging between 9% and 10.9%, Madhya Pradesh, Punjab, Uttar Pradesh, J&K and Assam grew at 4.4%, 5.1%, 5.4%, 5.6% and 5.7%, respectively.

States, on an average, recorded sharp growth during the Eighth Plan (1992-97) compared to the previous one (1985-90), which grew further during the 10th Plan after a drop during the Ninth Plan period.

Although during the first year of the Eleventh Plan, growth across states increased sharply, the global economic slowdown decelerated growth in 2008-09. The median growth for states fell to 6.4% during the year compared to 8% in the previous year. According to the Planning Commission, all states seem to have moved up in respect of their growth rates.

<http://economictimes.indiatimes.com/news/economy/indicators/Growth-has-percolated-to-all-states-Planning-Commission/articleshow/5725245.cms>