

## Weekly Economic Bulletin

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## News Feature

### **GDP numbers spur indices, markets gain for fourth day**

The Indian markets gained for the fourth straight day on strong gross domestic product (GDP) numbers. The GDP expanded 8.6% in the March quarter from 6.5% (revised) in the December quarter, according to a government release.

The benchmark Sensex advanced 81.57 points, or 0.48%, to close the day at 16,944.63, while the broad-based Nifty rose 19.75 points, or 0.39%, to end the day at 5086.3.

Despite the gains, Sensex lost 3.5% in May, its first monthly decline since January, when the markets had fallen over 6%. The dip has been less compared to global peers such as China, which is down almost 10% in May, Japan down 12%, US 8% and UK down 7%.

Heavy selling by foreign investors has seemed to ebb. That is helping the markets post gains," said Piyush Garg, chief investment officer, ICICI Securities. "It is unlikely that the markets will rally from here. They will consolidate at these levels."

Most broader indices, including BSE Midcap and Smallcap, ended in positive. BSE PSU and auto indices gained the most amongst the sectoral indices while BSE Reality index fell the most.

Mahindra & Mahindra and ONGC were the biggest gainers on the Sensex, gaining 5% and 3% respectively, while Sterlite Industries, Reliance Communications and Jaiprakash Associates were the biggest losers, falling 2.8%, 1.7% and 1.5% respectively.

Amongst Asian indices, Taiwan's Taiex Index closed 1.1% higher, South Korea's KOSPI gained 1.4%, Indonesia's Jakarta climbed over 3%, Japan's Nikkei closed marginal 0.22% up, while markets in China closed in the negative. Cues from the European markets were also positive, both Germany's DAX and France's CAC 40 were trading marginally up. The US and UK stocks markets were closed for public holidays.

Due to the absence of strong global cues, trading volume on the bourses was lackluster, the NSE cash segment clocked volumes of Rs 12,303 crore, while the total volume on the F&O side was just Rs 62,506 crore.

<http://www.financialexpress.com/news/gdp-numbers-spur-indices-markets-gain-for-fourth-day/627491/>

### **Exports rise 36% in April, imports surge 43.3%**

Exports grew 36% in dollar terms in April to \$16,887 million from a year ago and imports surged 43% in the same period to \$27,307 million, the commerce and industry ministry said. Exports contracted for 13 straight months starting October 2008, before turning positive in November '09. Total exports were \$12,397 million a year ago while imports in the same period stood at \$19,052 million.

In rupee terms, total exports surged only 21% and imports 27% as the domestic currency appreciated more than the dollar. Exports account for about 20% of the country's trillion-dollar-plus GDP.

The ministry said the trade deficit in the month under review was \$10420 million, up from \$ 6654 a year ago. In rupee terms, the gap was Rs 46,370 crore, as against the Rs 33,313 crore in the same month last year. However, going forward the European debt crisis may weigh on outbound shipments, even though India's trade exposure to Greece is limited, rating agency Crisil principal economist D K Joshi said.

"It all (export performance) depends how the European crisis unfolds," he said.

President of the Federation of Indian Export Organisations (FIEO) A Sakthivel said the Greek crisis would only have a minimal impact on exports. "Our big buyers are Germany, Italy and France," he said. European Union generally accounts for about 20% of India's exports.

Experts, however, said the recovery in exports should be viewed in the backdrop of the dismal performance last year.

<http://www.financialexpress.com/news/exports-rise-36-in-april-imports-surge-43.3/628012/>

## **Overseas Investment**

### **Auto cos lines up \$30 bn investment in 4 years**

Daimler, Maruti Suzuki and Mahindra & Mahindra are set to lead an estimated \$30-billion investments by automakers in the next four years to meet the galloping demand in the world's second fastest-growing market after China.

Global auto companies facing a sedate growth in existing markets are investing to tap the growing demand in India as investment spending and the government's social programmes raise incomes in smaller cities and rural areas too.

These investments by automakers is set to trigger expansion of capacities by component suppliers too such as Amtek Auto and Bharat Forge.

"The Indian automobile industry is geared up to invest up to Rs 80,000 crore in fresh capacity in the next four years," said Vishnu Mathur, director-general at the industry lobby group Society of Indian Automobile Manufacturers. "The components industry will also invest \$12 billion up to the end of the Automotive Mission Plan."

The Automotive Mission Plan is a 10-year road map prepared by the Indian government in 2006 to make India an automobile hub, raise the industry contribution to 10% of the gross domestic product from 5%, and provide additional employment to 25 million people.

Car and motorcycle sales in India are setting records with rising incomes, cheap lending by banks and launch of new models such as Volkswagen's Polo and Fiat's Linea. Car

sales rose 25% last year, the fastest in six years, to 19.5 lakh and domestic motorcycle sales climbed 26% to 94 lakh. Domestic passenger car sales gained 40% in April, despite price increases. The growth rate has hastened plans of many manufacturers such as Germany's Volkswagen and France's Renault.

Daimler India Commercial Vehicles plans to invest Rs 4,400 crore in five years to make light, medium and heavy duty trucks at its 160-hectare plant in Oragadam, near Chennai. Tata Motors, maker of world's cheapest Nano cars, will invest about Rs 8,000 crore. Toyota is putting up a second plant at its Bidadi complex in Karnataka at a cost of Rs 3,200 crore to produce the Etios, an India-friendly model with two versions—sedan and a hatchback. Hero Honda, the biggest motorcycle maker and Ashok Leyland-Nissan are planning new factories.

<http://economictimes.indiatimes.com/News/News-By-Industry/Auto/Automobiles/Auto-cos-lines-up-30-bn-investment-in-4-years/articleshow/6009682.cms?curpq=1>

### **FII inflows give a fillip to corporate bond market**

Trading volumes in the corporate bonds market have been buoyant with May 2010 witnessing the highest monthly figure at Rs 72,710 crore.

That's about 9% higher than the reported volume of Rs 66,800 crore in April and way above the Rs 52,620 crore clocked in January 2010.

The rise in trading volumes has been attributed to greater participation by foreign institutional investors (FIIs) who have picked up close to \$6.5 billion worth of debt paper this year.

Domestic players have also been active. "Insurance companies have been buyers since March while mutual funds have been mostly sellers," said a dealer from a foreign bank.

Trading data is somewhat inflated by about 15-20%. That's because some FIIs aren't allowed to buy corporate bonds in the secondary market.

Very often, the parent firm of an FII first picks up the paper in the primary market and sells it to the FII in the secondary market.

Dealers say the money is parked more or less evenly in papers of shorter-term maturities and also longer-term maturities.

The reason why FIIs are buying Indian corporate paper is not hard to understand. Indian paper commands higher coupon rates and even after accounting for hedging costs, investors can make about 150-200 bps more on their investments.

The ceiling for FII investments in debt is \$15 billion. With little headroom left, Sebi decided to auction bonds on the NSE, on a 'first come first serve basis' in mid-April this year.

Data put out by Sebi shows that companies raised Rs 2.12 lakh crore through corporate bonds in 2009-10, up 22.71% from Rs 1.73 lakh crore in 2008-09. There were 430 issues between January and March. Crisi's upgrades for Indian paper have exceeded downgrades in the last six months, reversing a three-year trend.

<http://www.financialexpress.com/news/fii-inflows-give-a-fillip-to-corporate-bond-market/630259/>

## **Trade News**

### **PM to sign India-Canada civil N-deal by month-end**

Canada and India will be signing a civil nuclear cooperation agreement during the forthcoming visit of Prime Minister Manmohan Singh to Toronto. The agreement will be the high point of a bilateral meeting between Singh and his Canadian counterpart, Stephen Harper, on June 27.

India has already signed similar agreements with the US, France, Russia, Mongolia, Kazakhstan, Argentina and Namibia.

The agreement will allow Canadian firms to export and import controlled nuclear material, equipment and technology to and from India.

"Negotiations have been concluded. There will be a bilateral cooperation in civil nuclear agreement. We are the biggest exporter of uranium in the world. Equally important is that we (India and Canada) are using the same technology," Canadian high commissioner to India Joseph Caron told.

Besides uranium exports, Canada is pitching its 1200-MWe class Advanced CANDU reactor as a good fit for the Indian nuclear programme due to its size and localisation potential. Caron said given India's energy needs and the global realisation for the need to have nuclear power plants in view of climate change concerns, the potential for cooperation was huge. "We believe that India and Canadian cooperation will be most competitive."

<http://www.business-standard.com/india/news/pm-to-sign-india-canada-civil-n-deal-by-month-end/397035/>

### **Canadian cos upbeat on investment opportunities in India**

Canadian firms are increasingly focusing on India as an investment destination, with overall optimism about the entire Asian region on the rise, a new survey said.

According to the 2010 Asian Investment Intentions Survey released by the Asia-Pacific Foundation of Canada, Canadian firms are upbeat about investment opportunities in Asia.

"China may be the economic powerhouse of the region, but Canadian companies are increasingly eyeing the mounting investment opportunities in India," the report said.

There has been a strong rise in interest for investment in India, with 13 per cent of the Canadian companies surveyed favouring the country this year from just eight per cent in 2005, according to the report.

"While China remains the top investment market for Canadian companies, the economic might of the region as a whole is a growing reality that Canadian companies ought to explore and seize. The firms are slowly latching onto these investment opportunities, especially in growing economies in India and South-East Asia," APF Canada President and CEO Yuen Pau Woo said.

Woo said, "This growing interest in India is not surprising, with average real annual growth of 8.75 per cent over the 2003 to 2007 period, India is emerging as an economic heavyweight in the region."

China still remains the top investment market with 21.1 per cent of Canadian firms choosing it, while 13.4 per cent opted for India, 9.9 per cent for South Korea and 9.2 per cent for Japan, the survey noted.

<http://economictimes.indiatimes.com/news/economy/finance/Canadian-cos-upbeat-on-investment-opportunities-in-India/articleshow/5999402.cms>

### **Bright prospects for Indo-South African investment, trade**

Indian companies are currently executing projects of the order of \$2 billion in South Africa, said a senior trade official from that country.

Major investors include Tatas (vehicles, IT, ferrochrome plant), the UB Group (beer manufacture, hotels), Mahindras (utility vehicles) and a number of pharmaceutical companies, including Ranbaxy and Cipla, informed Iqbal Meer Sharma, deputy director-general of South Africa's department of trade and industry.

South Africa is an excellent investment destination and also a "gateway" to Africa and African investment and also to the US and European Union, he said. Besides, Indian companies felt the tax regime did not pose a challenge, as it was in line with global tax systems.

"India features among the top 10 countries investing in South Africa, with current investment estimated at \$6 billion, with investments from Tata, Cipla, Apollo, Godrej, Genpact, Aegis, M&M, Ashok Leyland and Aurobindo Pharmaceuticals. IT has emerged as a significant area of Indian interest," Sharma said.

He was speaking to Business Standard on the occasion of a two-day visit here by South African President Jacob Zuma, who is leading a 230-member delegation of ministers and representatives of business and industry. He said Tata Group companies, mainly Tata Steel, Tata Motors and Tata Consultancy Services, had made considerable investments in South Africa. Further, State Bank of India, ICICI and Bank of Baroda are increasing their presence by establishing more and more branches.

President Zuma is scheduled tomorrow to have meetings with Ratan Tata, Mukesh Ambani, Adi Godrej and Jet Airways chief Naresh Goyal. He would also participate in a business session to launch the India South Africa CEO Forum, to be chaired by Tata.

### *Production Plans*

In automobiles, Tata Motors, Mahindra & Mahindra and Ashok Leyland are actively pursuing plans to set up a manufacturing base in South Africa. Tata Motors was keen to produce the Indica, while M&M wished to manufacture tractors and Ashok Leylands for buses to supply to the US, European Union and African countries. "These companies want to take the advantage of the quota-free and duty-free regime of South Africa to make entry into these markets," said Sharma.

Currently, these companies are exporting their vehicles to South Africa and have been in talks with authorities for opening manufacturing units there. Similarly, Maruti is selling cars in South Africa and may consider setting up a factory.

Indian companies have also evinced interest in acquiring coal, iron ore and manganese mines. In April, JSW Energy acquired a majority stake in South African Coal Mining Holdings for securing long-term fuel linkages. Indian companies are looking at the procurement of uranium and nuclear technologies from South African companies, too.

### *S A firms also keen*

On the other hand, South African companies are keen to explore investment opportunities in India in the fields of agro processing and cold chains, tourism, hotel, the retail sector, iron and steel, organic and inorganic chemicals, fertilizers, gold and diamond. Besides, South African banks, insurance and financial services companies have chalked out India-specific strategies to increase their presence in India. "South African investors will prefer to pursue investments in collaboration with Indian players," Sharma said.

According to Sharma, since 1994, the South African economy has been undergoing structural transformation just as the Indian one had since 1991. "The signing of a preferential trade agreement between the two countries will help increase trade. The agreement is expected to be signed within a year and it will address issues relating to tariff and non-tariff barriers. South African companies feel various states are imposing non-tariff barriers in the form of labelling and health standards," he noted.

Sharma said South African companies must use their capacities to reap benefits from mega investments being planned by India in infrastructure projects. Besides, there is need to promote greater government to government participation. Further, India Inc and South Africa must leverage the India-Brazil-South Africa.

<http://www.business-standard.com/india/news/bright-prospects-for-indo-south-african-investment-trade/396908/>

## **NMDC signs deal with S Korea, Japan for double iron ore price**

Public sector NMDC on Monday said it has finalised the deal to supply iron ore to Japanese and South Korean steel units at almost double the previous rate. The company had last year agreed to supply iron ore lumps to the steel mills at around \$61 a tonne for 2009-10.

“We have concluded a pact with South Korean and Japanese steel mills for supplying iron ore in the present quarter. We have got a 94-99% increase in rates over the previous contracted prices,” NMDC CMD Rana Som told reporters here.

Som, however, declined to give further details saying the final price is still being worked out.

As against the earlier practice of entering into an yearly contract the NMDC would now supply on quarterly basis in a bid to align prices with global spot market. Earlier this year, global miners such as Rio Tinto and BHP Billiton entered into quarterly contracts with Japanese steel majors, increasing the prices by upto 85% for the first quarter.

<http://www.financialexpress.com/news/nmdc-signs-deal-with-s-korea-japan-for-double-iron-ore-price/627437/>

## **Indo-Italian trade could surpass \$10 billion, says envoy**

Trade between India and Italy could surpass \$10 billion with the stability in the global economic recovery, according to Roberto Toscano, the Italian ambassador to India.

On the eve of Italy's national day, Toscano said, “Looking at bilateral trade, volumes have doubled over the last four years and now stand at over \$8 billion. In the last two years, despite the gloomy economic world scenario, Italian exports to India have continued to mark a positive trend, thus showing both the vitality of the Indian market and the strength of ‘made in Italy’.”

There has been unprecedented commitment on the part of both the governments to establish a truly strategic partnership, and an increased exchange of political visits of the last few months, including the visit of minister of productive activities Scajola and vice-minister Urso in December 2009, minister of environment Prestigiacomo and under-secretary of defence Crosetto in the first months of 2010.

According to Toscano, “During the Joint Economic Commission ministerial meeting which took place in Delhi last December, the priority sectors for future cooperation were clearly identified: food-processing, agro-food business, infrastructure, energy and clean technologies and tourism, in addition to consolidation of traditional fields of exchange such as textiles and industrial machineries. Other areas of cooperation that are emerging include industrial design, science, IT, biotechnology and services.”

“Government to government cooperation should establish the framework for an increased interaction between Italian regions and Indian states,” he said, adding, “Cluster and district associations are a powerful reality in Italy, and we are eager to assist in forging ties with

their Indian counterparts. This synergy can benefit from their mutual experience to create partnerships based on a similar business culture.” In this context, while it would be unfair to deny the ‘romantic’ flavour that Italy still evokes in the imagination of Indian people, it would be a mistake to overlook the enormous patrimony of technological excellence that...is at the core of our industrial system”, he pointed out.

<http://www.financialexpress.com/news/indoitalian-trade-could-surpass-10-billion-says-envoy/627980/>

### **India, Seychelles ink treaty to promote investments**

The bilateral investment promotion and protection agreement (BIPA) with India will give a strong fillip to investment in a range of sectors in the Seychelles economy, said Seychelles President James Alix Michel, who is on a three-day tour to India.

Besides inking the agreement on investment, Michel and Prime Minister Manmohan Singh also had discussions on a wide range of bilateral issues, including expanding collaboration in anti-piracy operations.

Security and defence collaboration were the focus area of discussions between the leaders as Seychelles faces persistent threat of piracy that has adversely affected its tourism-centric economy.

The visiting leader said with an improvement in the balance of payments position and the signing of the investment protection treaty, investment opportunities had opened up for India in offshore oil exploration, fisheries, marine and aqua culture projects; renewable energy, eco-tourism projects; spare parts shops and construction material supplies; IT and ICT business and specialised restaurants. There is also scope for collaboration in higher education institutions in Seychelles with Indian universities, he said.

In order to enhance the air transportation connectivity and more frequent business exchanges between the two countries there was an urgent need to establish flights between Indian cities like Delhi, Mumbai and Chennai and Mahe, the President said .The negotiations later this month on the Bilateral Air Services Agreement will lead to greater people to people contacts and tourism.

<http://www.financialexpress.com/news/india-seychelles-ink-treaty-to-promote-investments/628576/>

### **Sectoral News**

#### **Auto sales vroom in May on robust demand, cheap credit**

Domestic car and motorcycle sales rose sharply in May on the back of robust demand and affordable credit. Maruti Suzuki for the first time crossed the 1-lakh mark in monthly sales. The company sold 1,02,175 units, including exports, during the month led by higher sales of its popular hatchback models like Alto, Swift, A-Star and WagonR.

Hyundai Motor India's sales stood at 46,808 units, witnessing 7.3% surge compared to the previous month on year-on-year basis. The company attributed the relatively lower sales to its plant shutdown for annual maintenance.

Tata Motors registered 41.26% increase in sales at 56,779 units during the month compared to the same period last year. The company had sold 40,196 units in May 2009, Tata Motors said in a statement. The homegrown auto major's domestic sales rose by 37.53% in May at 52,801 units against 38,392 units in the same month last year.

Mahindra & Mahindra (M&M) sold 27,036 units in May, registering a jump of 63% over the corresponding month last year. While it continued to post higher number for models such as Scorpio, Bolero and Xylo, the company reported a modest increase of 5% in sales of Logan.

"Vehicle sales has been growing fast in the last few months on robust demand and high consumer confidence. The trend should continue for the next few quarters," Kapil Arora, partner (automotive practice) at the Indian arm of global consulting firm Ernst & Young, said. Among other car makers the local arms of General Motor and Toyota also posted significant increase in sales.

Hero Honda, a joint venture of Delhi-based Hero group and Japanese automaker Honda recorded a 14% increase in its volume with total sales reaching 4,35,933 units in May this year. "This is the highest ever monthly sales. The previous highest monthly sales was 4,15,137 units in August last year," a company official said.

Bajaj Auto reported 63% jump in its sales during May to 2,69,488 units. TVS Motor also clocked 30% increase in its sales to 1,54,667 units as demand improved.

<http://www.financialexpress.com/news/auto-sales-vroom-in-may-on-robust-demand-cheap-credit/628022/>

### **Biotech sector likely to pierce \$5-billion mark by fiscal-end**

The domestic biotechnology sector, viewed as one of the top five biotech destinations globally, is likely to touch \$5-billion mark at the fiscal-end owing to robust growth in ancillary segments such as data and equipment management , said Kiran Mazumdar-Shaw, chairperson of the Vision Group for Biotechnology (Karnataka).

Inaugurating the Bangalore-India Bio 2010, Mazumdar-Shaw said that the industry had seen growth at the rate of 20% in the fiscal 2009-10 to reach \$3 billion, while exponential growth in ancillary industries added to the figure to take it past \$4 billion.

"As against a decline to 18% in 2008-09, the bio-tech industry has grown remarkably well in 2009-10. You take into account clinical trial, data management, equipment management and other ancillary segments, the bio-tech sector touched \$4 billion over the past year and I would say that puts us well on track to achieve the target of reaching \$5 billion this year," said Mazumdar-Shaw who is also the CMD of India's biggest biotech firm Biocon.

During 2008-09, the global financial crisis restricted the sector's growth to 18% as against a 34% year-on-year growth in 2007-08.

Ancillary segments had grown at close to 40% during the fiscal, while biotech segments like bio-pharma continued to be a major driver, followed by services and agri-biotech, which was expected to grow as a major contributor this year as well.

With a steady growth momentum gathering in bio-tech sector, Mazumdar-Shaw said that the industry was optimistic of doubling its stature in the coming years, aiming at reaching \$10 billion by the year 2020.

While bio-manufacturing, clinical development and service based offerings were seen as some of the key segments to drive growth, climate change and clean energy were also being viewed as huge opportunities for the Indian bio-tech sector, which presented great cost and man power advantages.

<http://www.financialexpress.com/news/biotech-sector-likely-to-pierce-5billion-mark-by-fiscalend/628502/>

### **Govt likely to corporatise 12 major ports soon**

The government is considering to provide greater autonomy to 12 top state-owned ports by converting them into corporates to help them compete better with international players.

“About ports, there have been some proposals for corporatisation, but it is not disinvestment. It is conversion of the legal entity structure to corporate structure,” said Shipping secretary K Mohandas.

He, however, said a final decision is yet to be taken. The shipping secretary said the government would prefer a “landlord” pattern for corporatisation, under which the corporate body will own the port, while the services will be leased out.

“Ideally, a landlord structure has been recommended...the corporate entity will own the port property and the actual operations would be leased out,” he added.

Once the structure is changed, the ports will have the freedom to set tariffs that will help them compete with foreign and Indian private ports better.

India has 12 state owned ports—Kolkata, Paradip, Visakhapatnam, Ennore, Chennai, Tuticorin, Cochin, New Mangalore, Mormugao, Mumbai, JNPT and Kandla—which handle over 500 mt of cargo annually.

<http://www.financialexpress.com/news/govt-likely-to-corporatise-12-major-ports-soon/628051/>

### **Indian chip market to grow 35% in 2010**

The Indian semiconductor industry is expected to make a strong recovery, growing 34.7% in 2010 to \$7 billion, market research firm Gartner has said. Growth in the industry dipped

to just about 4.5% in 2009 to \$5.2 billion from 15-20% of the previous years as the slowdown took hold.

The market this year will be driven by the data processing segment, besides communications. Data processing is expected to generate 35% of overall revenues, up from 31% last year because of increasing local assembly of flat panel monitors, desktops, laptops and smart cards. Laptops could be the biggest growth area, Ganesh Ramamoorthy, principal research analyst at Gartner, told FE. The communications segment can decline from 49% in 2009 to 45% this year because of pricing pressure.

The Indian semiconductor story somewhat mirrors the global turnaround in the industry. Semiconductor revenues globally is forecast to reach \$290 billion in 2010, a 27.1% increase from \$228 billion in 2009.

Analysts said market conditions have improved across regions and most of the product categories. "Sequential semiconductor growth has been very strong over the last five quarters, well above seasonal norms, and manufacturing capacity is tight," said Bryan Lewis, research vice-president at Gartner.

"Chip revenue growth is clearly outpacing system revenue growth and that is a concern. Gartner's new semiconductor forecast has below-average growth in the second half of 2010 as we are anticipating a minor correction to realign semiconductor sales with electronic system sales. Even with this minor correction, we are still expecting very strong growth and record semiconductor sales in 2010," he added.

Gartner has now raised production forecasts for PCs, mobile phones, automotive and select consumer products. The PC and mobile phone markets will account for about 40% of the global semiconductor market's growth in 2010. In the PC market, average selling prices (ASPs) of processor are firming up and revenues from it are now expected to grow 15.5%, the firm said.

Gartner said the semiconductor market is on track to cross the \$300 billion mark in 2011.

<http://www.financialexpress.com/news/indian-chip-market-to-grow-35-in-2010/629180/>

### **India tops energy-efficient cement production**

With some of the plants operating at the lowest energy consumption levels, the Indian cement industry has become a forerunner in energy-efficient cement manufacturing in the world, according to yet to be released FE-EVI Green Business Survey 2009-10.

The survey will be released in New Delhi on World Environment Day, June 5. The highlight of the event will be the presentation of FE-EVI Green Business Leadership Awards 2009-10. The event is being organised jointly by The Financial Express and Emergent Ventures India, a climate change & sustainable development advisory firm, in association with knowledge partner Indian School of Business, Hyderabad.

Elaborating about the initiatives taken up by companies, FE-EVI Green Business Survey 2009-10 quotes numerous examples. For example, ACC Cement is producing power from waste gases generated during production process. Also, the company is actively involved in wind and hydro power procurement. As far as cutting down on energy consumption is concerned, Shree Cement is reducing CO2 emissions through energy efficiency and use of alternative low-carbon fuel and renewable energy.

JK Cement, which is ISO certified, is using alternative fuels and power from waste, biomass and wind. Also, the company is actively involved in emission reduction through partial substitution of fossil fuels with recyclable alternates in cement manufacturing. Similarly, Dalmia Cement (Bharat) Ltd is taking measures related to energy efficiency, streamlining of processes, and use of alternate/new technologies.

Companies are also taking other initiatives to minimise their ecological footprint. These include substitution of fossil fuels used in cement kilns by fuels derived from waste, installation of waste heat recovery system, modification of the composition of cement by using cement constituents which require less energy to produce than cement clinker

Besides, cement companies have become innovative and come up with Eco-Cement, which has a reduced environmental impact as compared to conventional cement. It sets and hardens by sequestering CO2 from the atmosphere and is recyclable.

All these initiatives are being taken by first establishing separate departments for environment protection, safety, ISO 14001 certification and disaster management. The industry is also involved in Voluntary Environmental Initiatives (VEI) such as monitoring of ambient air quality, waste water quality, safe disposal of hazardous waste such as hospital bio-medical waste, waste oil and grease, and regular monitoring of safe working practices.

<http://www.financialexpress.com/news/india-tops-energyefficient-cement-production/629108/>

## **News Round-Up**

### **India, China improve ranking as attractive FDI markets: E&Y**

India and China with their rapid economic growth rates have bettered their rankings as preferred investment destinations, while Europe has taken a hit, a study said.

According to global consultancy firm Ernst & Young's 2010 European Attractiveness Survey, China (39 per cent) edged past Western Europe (38 per cent) as the most attractive foreign direct investment destination for this year.

These two top FDI magnets are followed by Central and Eastern Europe (24 per cent) at third place, while India shares fourth position with North America (22 per cent each), the survey of 814 leading global investors showed.

Going forward, E&Y sees a clear shift in the world's economic weight eastwards, as they rank China (66 per cent), India (61 per cent) and Central & Eastern Europe (59 per cent) as the most attractive regions for FDI projects in the next three years.

Western Europe, which currently ranks as the second-most popular destination for FDI, is expected to fall to fifth place behind Brazil in E&Y's future attractiveness rating.

"For the next three years, investors continue to see China, India and Central and Eastern European (CEE) nations as their route to future riches," the report stated.

The report stated that in the improved economic scenario, investors have resumed their hunt for higher returns, leading to global FDI competition. This has resulted in levelling of the playing field, it said.

Both East and West Europe have been hit badly by the economic crisis, which has raised doubts about the region continuing to play a leading role in a multi-polar world if it is unable to attract new investments, the report added.

Europe saw a 11 per cent decline in new FDI projects in 2009, with just 3,303 deals registered during the year.

Moreover, FDI in Europe created 16 per cent fewer jobs in 2009 than the previous year. In addition, projects of international investors continue to be scaled back, if not postponed or cancelled.

<http://economictimes.indiatimes.com/news/economy/finance/India-China-improve-ranking-as-attractive-FDI-markets-EY/articleshow/6004294.cms>