

## Weekly Economic Bulletin

Date: June 15- 21, 2010

Issue No. 373

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## News Feature

### Exports post 35% growth in May, imports up 30.8%

Exports remained in the positive territory for the seventh successive month, but the 35 per cent growth in shipments in May was lower than that in the same month last year.

Exports in May were worth \$16.1 billion against \$12 billion in May 2009. Following the global financial crisis, exports had fallen for 13 consecutive months, before turning positive in November 2009.

Sectors such as iron ore, oil and leather have done well in April and May due to a slight demand recovery in major markets like the US. However, the Government said it was concerned about the Euro zone debt crisis and its adverse impact on shipments to Europe, which accounts for a fifth of India's total exports.

The other worrying factor is that the rupee has appreciated by over 14 per cent against the Euro since January 2010. This in turn is squeezing the margins of several exporters. Exporters are also likely to diversify more into other markets in Asia, Africa and Latin America.

The Commerce Secretary, Dr Rahul Khullar, told."There is some degree of recovery on the export front. But don't get carried away by the numbers as the growth is driven by a strong base effect. It is not the time to pop the champagne as exports are not yet out of the woods."

The major sectors that have shown positive growth in the last two months put together over the same period last year were iron ore (100 per cent growth), petroleum products (70 per cent), leather (33 per cent), engineering (29.6 per cent), gems and jewellery (37.8 per cent), pharmaceuticals (22 per cent), basic chemicals (38 per cent), man-made fibre (27 per cent), cotton yarn and cotton made up products (16 per cent).

"The good news is that labour intensive sectors such as gems and jewellery and leather are doing well. But readymade garments has shown negative growth (-7 per cent growth)," Dr Khullar said. He said the increase in oil exports was due to the growing refining capacity and increasing external demand.

Meanwhile, imports increased by 30.8 per cent in May to \$27.4 billion (from \$19.8 billion in May 2009), resulting in a trade deficit of \$11.3 billion.

Interestingly, the growth in exports in May was more than that of imports.

The sectors that recorded major growth in imports (cumulative growth in this fiscal over the same period in the last financial year) were electrical machinery (15 per cent), transport equipment (14.7 per cent), machine tools (15 per cent), non-ferrous metals as well as iron and steel (over 100 per cent), precious stones (over 70 per cent), chemicals (56.6 per cent) and petroleum products (over 70 per cent). The growth in capital goods imports has led to a growth in manufacturing sector.

Mr A. Sakthivel, President, Federation of Indian Export Organisations, said in a statement, "While the trend in growth will continue for next few months, exporters will face challenges on account of adoption of base rate regime which is likely to increase cost of export credit and uncertainty in the Euro zone.

"The Government should consider extending focus-market benefits to the European countries that have not been covered so far."

However, Commerce Ministry officials said due to fiscal constraints, only very few struggling sectors would be provided sops. Dr Khullar said a sector-wise analysis is on to find out the sub-sectors doing well and those that are not. The Government has set an export target of \$200 billion for this fiscal.

<http://www.blonnet.com/2010/06/19/stories/2010061953181501.htm>

### **India's GDP could grow at 9.2% this fiscal: CMIE**

After two years of economic slowdown, the Indian economy is on the rebound with three key sectors, industrial, services and manufacturing-expected to fare well, leading to an over 9 per cent GDP growth in FY 11, a leading economic think-tank said.

With these three sectors projected to exhibit an improved performance this fiscal, the Centre for Indian Monitoring Economy (CMIE) has forecast that the domestic economy would grow at 9.2 per cent this fiscal.

The growth rate is expected to be around 2 per cent higher as compared to FY10 when the domestic economy registered a 7.4 per cent growth, it said in its latest report. "We expect Gross Domestic Product (GDP) to grow by 9.2 per cent in 2010-11 as compared to a 7.4 per cent growth in 2009-10," CMIE said in its report on the state of the domestic economy.

CMIE is maintaining a 9.2 per cent growth in 2010-11 since March this year, it said. India's Central Bank has however, forecast an 8.2 per cent economic growth in FY11.

According to CMIE, the Indian economy had grown by over 9 per cent between 2005-06 and 2007-08 and it is now returning to the same level after a two-year blip.

The report forcecasts a 9.6 per cent growth for the Industrial sector (including construction) this fiscal as against the 9.2 per cent clocked last fiscal. "In fiscal 2010-11, growth in the manufacturing sector will be led by the food products segment, especially sugar and edible oil," CMIE said.

At the same time, acceleration in consumption and investment growth in the current fiscal would contribute to a higher growth in consumer durables and capital goods output, respectively, the report stated.

<http://economictimes.indiatimes.com/news/economy/indicators/Indias-GDP-could-grow-at-92-this-fiscal-CMIE/articleshow/6058984.cms>

## Overseas Investment

### Forex reserves rise \$1.69 b

Foreign exchange reserves were up by \$1.69 billion to \$272.783 billion, for the week ending June 11, on account of revaluation gains.

The reserves have risen after having fallen for two consecutive weeks.

For the week ended June 4, forex reserves fell by \$877 million to \$271.093 billion.

According to figures released in the Reserve Bank of India's weekly statistical supplement, in the week , foreign currency assets were up by \$1.689 billion to \$247.241 billion.

Foreign currency assets expressed in dollar terms include the effect of appreciation or depreciation of non-US currencies. In the week under review, the euro had recovered its losses against the greenback, said a dealer with a public sector bank.

Gold reserves were unchanged at \$19.423 billion. SDRs were up by \$1 million at \$4.821 billion. The reserve position in the IMF was unchanged at \$1.298 billion.

<http://www.thehindubusinessline.com/2010/06/19/stories/2010061951720600.htm>

### FDI lock-in for hotels & tourism projects to go

In an attempt to accelerate foreign investment in the country's hospitality sector, the government has decided to exclude hotel and tourism projects from the purview of the three-year lock-in clause which governs real estate activities. The move is expected to give a fillip to the plans to increase the number of hotel rooms in the country manifold, besides enabling domestic realty majors to induct foreign partners in their projects.

Companies like Unitech and DLF, who have lined up massive projects in the hotels and tourism sector are keen to supplement liquidity with foreign funds. Currently, foreign direct investment (FDI) norms forbid foreign investors from repatriating profits back home for three years if investments are made in "real estate projects" including hotels and tourism-related ventures.

According to official sources, in order to avail of the proposed relaxation, projects must earmark a minimum 50% of built-up space for hotel and tourism activities, including beach resorts, restaurants and tourist complexes, and at least 20% for developing hotel rooms. The move will also benefit firms that incorporate hotel projects in their real estate projects.

However, the proposed relaxation would not apply to FDI in housing projects and office and shopping complexes. Current norms stipulate a minimum developable area of 25 acres and a minimum capitalisation of \$10 million for wholly-owned subsidiaries of multinational companies and \$5 million for joint ventures investing in real estate. Foreign investors are also not allowed to exit such projects before three years of completion of the project.

<http://www.financialexpress.com/news/fdi-lockin-for-hotels-&-tourism-projects-to-go/633763/>

## **Trade News**

### **India remains Dubai's largest trade partner**

By accounting for over 14 per cent of Dubai's imports, India was its largest trade partner in the first four months of this year, figures released show.

"India has the biggest share of the imports of 17.1 billion dirhams, that is 14.8 per cent of Dubai's total imports," said Ahmed Butti, Director General of Dubai Customs.

China came second with 10.1 billion dirhams, followed by the US with 7.8 billion dirhams.

Dubai's exports registered a 14 per cent increase, touching 180.7 billion dirhams between January and April, as compared to 159.1 billion dirhams in the same period last year.

According to the Statistics Department of Dubai Customs, the growth has been recorded in all trade activities including exports, imports and re-exports between January and April.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-remains-Dubais-largest-trade-partner/articleshow/6072376.cms>

### **Indo-Bangla trade can grow significantly: Conclave**

India and Bangladesh have a lot of scope for improving bilateral trade and cooperation in the near future, observed delegations from both the countries during a regional cooperation meet in Agartala.

A meeting under the banner of 'Stakeholder Consultation on Indo-Bangla Trade' was held at Pragnya Bhavan to review the recent development in trade and investment between the two countries.

Organized jointly by the CUTS International (Consumer Unity and Trust Society) in association with Fredrich Ebert Stiftung (FES), it also highlighted the potential of connectivity and investment involving the two countries, and creating awareness and momentum towards economic cooperation especially between Northeast India and Bangladesh.

About 80 participants from both sides including representatives from business chambers, exporters, investors, government officials, academicians and researchers attended the meeting.

Speaking to ANI on the sidelines of the meeting, Indo-Bangla Chamber of Commerce President, Matlub Ahmed, said: "Following the Prime Minister's (Bangladesh) visit in January lot of things have started moving and new agreements are coming in. The latest of one is the requirement for Tripura the transshipment and transit charges."

"Bangladesh government on June 10 has issued the first SRO on transit-transshipment charges specifying the amount of money for a container or a ton of goods will need to be paid to the Bangladesh government as service charges for moving the goods over Bangladesh to India."

"That's fantastic for Tripura, that's what Tripura was looking for last so many years. I believe this is the biggest achievement that Tripura government could achievement out of Bangladesh and out of the new relation between India and Bangladesh," he added.

Siddhartha Mitra, one of the organizers from CUTS, said: "There have been some forward steps taken in regards to provision of connectivity. We are thinking of transshipment, Bangladesh providing connectivity to Indian good to the rest of the country. So, in short there has are many forward measures been taken."

It was also felt that the relations between India and Bangladesh are headed for better times, and both the countries have entered a dynamic phase of mutual cooperation, which has been triggered by the able and dynamic leaderships of the Prime Ministers of the two countries.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/Indo-Bangla-trade-can-grow-significantly-Conclave/articleshow/6072247.cms>

### **India Inc likely to invest \$100-mn in Ireland**

India Inc is increasingly recognising Ireland as an attractive investment destination and around \$100-million investment is expected to be made in the European nation by Indian companies.

"I expect around \$100-million of investment by Indian companies in Ireland over the next 18-months. These will mainly be in the IT, ITeS and financial services sectors," Director India, IDA Ireland Minakshi Batra said in Mumbai.

The IDA is an Irish Government agency for facilitating inward investment into the country and Ireland is giving India a special focus, she said.

In 2008 (figures of which are available presently), Ireland was the number three recipient of Indian investment in Europe at Euro 29-million, she said.

So far, Indian IT, ITeS and pharma companies have invested substantially in Ireland, she said.

Amongst the IT companies, TCS, Patni Computer and HCL have a presence in Ireland while amongst pharma companies, Wockhardt and Ranbaxy have invested there. From other sectors, GTL and Crompton Greaves have a healthy presence in the European nation.

"Now Ireland is laying out the red carpet for Indian financial services companies. A lot of Indian AMCs have evinced a strong interest in having a presence in Ireland," Batra said.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-Inc-likely-to-invest-100-mn-in-Ireland/articleshow/6070446.cms>

### **Indo-Russian trade to treble to \$20 bn by 2015**

New Delhi and Moscow will increase cooperation in sectors like energy, pharmaceuticals, and IT, among others to triple bilateral trade to \$20 billion by 2015 from the current \$7.4 billion.

The visiting Commerce and Industry Minister Anand Sharma held discussions with his counterpart Viktor Khristenko to increase trade and economic engagement. They ministers emphasised the importance of continuous level interaction for developing bilateral economic relations which holds the key to achieving the \$20 billion trade volume by 2015.

"They focused on cooperation in the field of energy, pharmaceuticals, and information technology, among other sectors," an official said.

Sharma said he is looking forward to Russian deputy prime minister Sergei Sobyanin visit to India later in the year to attend the Indo-Russian inter-governmental commission.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/Indo-Russian-trade-to-treble-to-20-bn-by-2015/articleshow/6065115.cms>

### **India targets \$30 billion trade with South Korea by 2014**

India expressed confidence to achieve trade target of 30 billion dollars with Republic of Korea (ROK) by 2014.

Addressing the India - Republic of Korea (ROK) Joint Commission, External Affairs Minister S M Krishna stressed that economic cooperation is the bedrock of India - ROK bilateral relations.

"Bilateral trade has jumped by a robust 70 per cent in the first four months of the year. This trend is expected to continue over the coming months, providing confidence that the trade target of US 30 billion dollars by 2014 can be achieved," Krishna said.

In this context, Krishna pointed out the need for expanded, but balanced trade growth and made a strong case for greater access to the Korean market for Indian pharmaceuticals, IT enabled services and agro-products.

Krishna who is on a three-day official visit to South Korea chaired the joint commission meeting along with his counterpart Yu Myung-hwan.

Both Krishna and Yu Myung-hwan reviewed the implementation of the Comprehensive Economic Partnership Agreement (CEPA) and discussed ways to enhance bilateral defence and security cooperation.

Krishna and Yu Myung-hwan also discussed navy-to-navy cooperation in anti-piracy operations in the Indian Ocean.

Krishna stressed the potential for expanded cooperation in defence production including through transfer of technology, joint ventures and co-production.

Noting that both India and South Korea had exchanged drafts of an Inter Governmental Agreement on Peaceful Uses of Nuclear Energy, Krishna and Yu Myung-hwan agreed to launch negotiations between the two countries, at an early date, for the conclusion of such an agreement.

Krishna proposed that the establishment of the dedicated Joint Science and Technology Fund of US ten million dollars to promote joint research between scientists and technologists of the two countries be expedited.

The Joint Commission discussed details of the "Year of India" in Korea and the "Year of Korea" in India in 2011, including cooperation in showcasing Indian culture and arts in Korea.

Krishna suggested the installation of a bust of Indian poet Rabindranath Tagore at a prominent location in Seoul in 2011, the 150th birth anniversary of the poet.

Both India and South Korea agreed that an open and inclusive Asian regional architecture based on the principles of mutual benefit and shared opportunity is in the interest of both countries.

They agreed to work closely towards this goal within the East Asia Summit framework.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-targets-30-billion-trade-with-South-Korea-by-2014/articleshow/6064964.cms>

### **India ready to invest in Russia's pharma sector: Sharma**

India Inc is ready to invest in Russia's pharmaceutical sector and the two governments are working on a joint document to this effect, Commerce and Industry Minister Anand Sharma has said.

"They are ready to invest in the Russian pharmaceutical industry, including India-Russia joint ventures. Russia is preparing the list of medicines that it needs, and we are waiting for this list," Sharma said in an interview to Russian news agency RIA Novosti.

Sharma, who is on a three-day visit to Russia, said the future protocol on pharmaceutical production will provide a foundation for bilateral cooperation in this sphere.

"Currently, the Indian and the Russian Governments are working on the protocol. The document will prescribe safety standards for medicines. Recently, we have held talks on this issue. We are eager to sign the document as soon as possible," Sharma said.

The Commerce Minister will attend the St. Petersburg International Economic Forum to be formally inaugurated by President Dmitry Medvedev tomorrow and hold a number of high profile meetings with the Russian officials with focus on fortifying the economic content of the bilateral strategic partnership.

Sharma said India is interested in Russia's mineral resources, metals and fertilisers, but nano- and bio-technologies are also important.

"We are interested in biotechnologies, nanotechnologies and other sciences such as genomics and bioinformatics, because developments in these spheres will make health care more affordable. "We are having discussions with the Russian Academy of Sciences, RUSNANO and the Kurchatov (nuclear research) Institute," Sharma said.

Speaking of energy cooperation, Sharma recalled that ONGC Videsh has made investments in the Sakhalin-1 project and bought Imperial Energy Company, which produces oil in Tomsk region in Siberia and India expected to develop partnership in the Sakhalin-1 and Sakhalin-3 projects.

He said India and Russia could also fruitfully cooperate in the former Soviet republics of Central Asia, where Moscow has a significant influence. For the first time an India-Russia Business Dialogue has been organised with the framework of St. Petersburg Forum.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-ready-to-invest-in-Russias-pharma-sector-Sharma/articleshow/6058859.cms>

## **Sectoral News**

### **Autos, FMCG to lead growth in FY11**

Profit recovery in India will be led by auto, consumer goods and metal firms this year while credit growth at larger banks is likely to be slow as concerns of rising inflation and monetary tightening loom, analysts said.

Advance tax paid by India's top auto, metals and consumer goods firms jumped in the first quarter of FY11, suggesting robust profits as demand rebounds, while collections from top lenders State Bank of India and ICICI were sluggish.

India's top 100 corporates paid 126.6 billion rupees as advance tax for the quarter, up nearly a fifth from last year.

The positive outlook for companies is also reflected across Asia. A Reuters corporate sentiment survey found that Asian companies were at their most optimistic in five quarters on robust economic growth in the region.

Corporate earnings in FY11 are likely to rise by 26.5 per cent led by banking, petrochemicals, metals, IT and auto, UBS said in a note to clients, adding earnings from cement, conglomerates and telecom are likely to fall in FY11.

"We do believe profit numbers would be good, sector-specific from autos, metals. Advance tax numbers also suggest that smaller banks will do better than bigger ones," said Kunal Dalal, head of research at brokerage KR Choksey.

Gopal Agrawal, head of equities at Mirae Asset Global Investment Management, is overweight on consumer goods, pharma, auto and auto ancillaries. He is also bullish on any gas-related opportunities in India.

"India's per capita consumption is increasing. We see for the next five years consumption will rise by leaps and bounds. In auto, the trend story continues, demand is very strong. Low cost of production and exports will benefit ancillaries," he added.

Advance taxes paid by Tata Motors, Mahindra & Mahindra and Bajaj Auto zoomed several times, pointing towards a sharp recovery, analysts said.

Advance tax numbers are indicative of profits at companies which are required to pay their full-year taxes in installments over four quarters.

In the first quarter, companies are required to pay 15 per cent of their expected taxes -- a smaller chunk compared to the rest of the three-month periods.

"(Increase in) advance tax is essentially due to sharp pick-up in the economy and particularly industry," said D K Joshi, principal economist at rating agency Crisil.

<http://economictimes.indiatimes.com/news/economy/indicators/Autos-FMCG-to-lead-growth-in-FY11/articleshow/6059773.cms>

### **Spices export up 7% in 2009-10**

Indian spices exports grew by seven per cent and touched 5.02 lakh tonne (lt) in 2009-10, crossing the threshold of five lakh tonne for the first time. Despite the economic slow down in the major consuming countries, spices exports have recorded an all time high in value and volume, Mr V.J. Kurian, Chairman of Spices Board said.

Rupee realisation from spices exports grew by five per cent to Rs 5,560 crore while dollar realisation grew by 0.5 per cent to \$ 1.17 billion last year. Spices exports have exceeded the targets in both volume and value.

Value added products continued to dominate the exports basket with items such as spice oils and oleoresins along with mint products such as mint oils, menthol crystals and menthol powder contributing to 34 per cent of the total export earnings. Chilly contributed 23 per cent followed by cumin with 10 per cent, turmeric seven per cent and pepper six per cent.

Addressing a press conference here, Mr Kurian said the Indian spice and spice products reached more than 140 countries last year, led by US which accounted for 16 per cent, Malaysia with eight per cent, China with seven per cent, UAE with six per cent and UK five per cent. Export of cardamom small hit an all time high last year in both volume and value. The country exported 1,975 tonnes (750 tonnes) of cardamom valued at Rs 166 crore (Rs 47 crore) last year.

### *Chilly exports*

Chilly was the largest spice item exported from India, accounting for 41 per cent of the total volume and 23 per cent of the value. India exported 2.04 lt (1.88 lt) of chilly and chilly powder fetching Rs 1,292 crore (Rs 1,081 crore). The mandatory quality testing of chilly and chilly products has made Indian chilly more acceptable in the international markets and helped to achieve higher level of exports. Traditional buyers like Malaysia, Sri Lanka, Bangladesh and Indonesia were active in the market. However, export to Pakistan fell drastically to 175 tonnes as against 22,375 tonnes last year.

Export of turmeric hit an all time high in terms of value this year. Although there was a nominal fall in volume to 50,750 tonnes (52,500 tonnes) the value realisation moved up smartly to Rs 381 crore (Rs 249 crore). The average price during the year shot up to Rs 127, up from Rs 92 last year. India is the largest turmeric exporter in the world and the increasing demand for medicinal and cosmetic purposes is expected to drive up demand in future. Major buyers were UAE (6,675 tonnes), Iran (4,225 tonnes) Bangladesh (4,120 tonnes), Malaysia (3,955 tonnes) and Japan (3,150 tonnes).

### *Seed Spices*

The export of seed spices has shown an increase in both value and quantity. Export of seed spices like cumin, coriander and fennel recorded all time highs in terms of value during last year. Seed spices accounted for 29 per cent of the total volume and 18 per cent of the value of spices exports. The major export markets were Pakistan (10,700 tonnes), Malaysia (8985 tonnes), UAR (7175 tonnes) and Saudi Arabia (4200 tonnes).

The export of processed spices such as curry powder, spice oils and oleorsins, mint products and spice powders accounted for 53 per cent of the total value. During last year 14,300 tonnes of curry powder and blends valued at Rs 189 crore were exported registering an increase of eight per cent in volume and 16 per cent in value.

The export of curry powder hit an all time high in both quantity and value. UK was the largest importer of Indian curry powder and spice blends and accounted for 22 per cent or 3,100 tonnes, followed by Saudi Arabia (1,455 tonnes), UAE (1260 tonnes) and USA (1,200 tonnes).

<http://www.thehindubusinessline.com/2010/06/21/stories/2010062151651400.htm>

### **Domestic air traffic up 22% in May**

The domestic airlines flew 47.85 lakh passengers in May, an increase of almost 22 per cent over the number carried in the same period in the previous year.

The number of passengers flown in May is the highest reported in a month by the domestic industry during the calendar year.

The latest data released by the Directorate General of Civil Aviation (DGCA) show that except for Kingfisher Airlines and Paramount, the other six airlines flew more passengers compared with the same period in the previous year.

### *Seat factor*

The industry reported a seat factor of over 77 per cent indicating that there were fewer empty seats on the aircraft being operated. While NACIL (I) reported a seat factor of 77.8 per cent, the low-cost airline IndiGo reported the highest seat factor of 92.3 per cent.

The higher seat factor reported by the domestic industry was primarily due to the tourist season, the DGCA statement adds.

### *Jan-May figures*

The data show that during January-May, the airlines flew 208.26 lakh passengers, an increase of 22 per cent over the 170.66 lakh registered in the same period of the previous year.

<http://www.thehindubusinessline.com/2010/06/16/stories/2010061653550900.htm>

### **Gems and jewellery exports up by 31.24 pc**

Gems and jewellery exports rose by 31.24 per cent to USD 2.46 billion in May on the back of jump in shipments of cut and polished diamonds.

Exports from the world's largest supplier of gems and jewellery were valued at USD 1.87 billion in May 2009.

Cut and polished diamonds exports grew to USD 1.79 billion in May, up 73.44 per cent from the previous period, according to the data by the Gems and Jewellery Export Promotion Council (GJEPC), the apex body of the sector.

Gems and jewellery, the number one contributor to the country's total export basket (at about 16 per cent), saw a reversal in its fortunes after demand revived in the Western markets from November 2009. Exports were hampered severely due to the economic meltdown, which had started in September 2008.

With the recovery in global markets, the demand for gems and jewellery has seen a rise not only in traditional markets, but also new ones like Russia, China and Latin America.

The UAE is the main destination for Indian gems and jewellery, accounting for 31 per cent of the total exports, followed by Hong Kong and the US.

The gems and jewellery exports sector employs about 13 lakh people.

In April the export shipments had almost doubled to USD 2.56 billion from the previous year.

The shipments during the first two months of the current fiscal totalled USD 5.6 billion, up 57 per cent year on year.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/Gems-and-jewellery-exports-up-by-3124-pc/articleshow/6054536.cms>

## **News Round-up**

### **India eyes double-digit economic growth by 2013**

Indian economy, Asia's largest after Japan and China, is accelerating and could reach double-digit growth by 2013, Indian Trade Minister Anand Sharma said during a visit to Spain.

"We hope to grow at a rate of between 8.5 per cent to 9.0 per cent this year and we are optimistic, rather confident, that we will take India's growth to double digits in the next two years, by 2013," he told a business conference in Madrid.

"We need to do that because we are a country of paradoxes. We have the largest middle class perhaps in the world, equal to the population of all of Europe put together, and at the same time we are also home to a large number of poor people."

Indian economic growth has taken off since the country of some 1.2 billion people began liberalising its economy in the early 1990s by reducing controls on foreign trade and investment.

While the country's economic expansion slowed to 6.5 per cent in 2008-2009 fiscal year after averaging 9.0 per cent growth in the four previous years, the growth stood in contrast to the retrenchment seen in many developed countries.

India escaped the brunt of the global financial crisis as rising incomes boosted domestic demand for cars, mobile telephones and other consumer durables even as exports fell.

"When the world was melting, India still stood its ground," said Rajan Bharti Mittal, the managing director of Bharti Enterprises, an Indian conglomerate that also owns the country's largest cellphone company.

The International Monetary Fund predicts the Indian economy will grow by 8.75 per cent in 2010 and by 8.5 per cent in 2011.

<http://economictimes.indiatimes.com/news/economy/indicators/India-eyes-double-digit-economic-growth-by-2013/articleshow/6076756.cms>

### **Fitch raises India's credit rating outlook**

India's credit rating outlook on local currency debt was raised to 'stable' from 'negative' by ratings agency Fitch, as windfall gains from sale of wireless airwaves raised expectations of a steeper cut in country's fiscal deficit.

Inflows of close to Rs 1 lakh crore through the sale of 3G airwaves and broad band spectrum, against a budgeted estimate of Rs 35,000 crore, has boosted the chance of the

Centre achieving the fiscal deficit target of 5.5% in the current financial year and 4.5% in the next.

The agency has revised India's growth forecast for 2010-11 up to 8.5% from 7% on the signs of a strong growth momentum, including industrial production growth of 17.6% in April 2010, on year-on-year basis.

“India’s strong growth prospects and the one-off positive impact from the telecom auctions underpin Fitch’s forecast that the government’s debt-to-gross domestic product ratio will decline,” Fitch said while affirming the nation’s long-term local and foreign-currency rating at BBB-, the lowest investment grade.

The upgrade by Fitch comes after another ratings agency Standard & Poor’s in March raised India’s debt rating outlook to ‘stable’ from ‘negative’ on growth prospects. S&P also maintained the nation’s long-term local and foreign-currency rating at BBB-, its lowest investment grade.

Fitch anticipates some pressure on the government to spend some of the revenue windfall and estimates an additional 0.3 percentage point spending in 2010-11, still delivering a net 1.3 percentage point fiscal saving.

The fiscal gap of Asia's third largest economy had widened to a 16-year high of 6.8% in the last fiscal as the government tried to give a boost to the flagging economy that was reeling under global financial meltdown. With the global economy going through its worst slowdown after the great depression of 1930s, the government had announced various steps to increase the domestic consumption.

The stimulus measures taken by the government helped the economy to weather the global slowdown with minimum damage and clock a 7.4% GDP growth in the last fiscal.

<http://www.financialexpress.com/news/fitch-raises-indias-credit-rating-outlook/633756/>