

## Weekly Economic Bulletin

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## News Feature

### IIP zooms by 17.6% to near 20-yr high

After last fiscal's double-digit expansion, industrial production picked up more steam to grow by 17.6 per cent in April, boosting the prospects of achieving 8.5 per cent economic growth in 2010-11.

The increase in output was due to a robust showing by the manufacturing sector and a low-base effect, caused by the global economic slowdown.

Manufacturing, which accounts for around 80 per cent of the Index of Industrial Production (IIP), expanded by 19.4 per cent in April, with capital goods growing by 72.8 per cent and consumer durables by 37 per cent.

The April figure is almost equal to the 20-year-high output of 17.7 per cent achieved in December 2009.

Analysts say that the strong uptick in April, coupled with a normal monsoon, would help the economy grow by an estimated 8.5 per cent in 2010-11.

However, Finance Minister Pranab Mukherjee said he expected the industry to do even better in April.

"Of course, my appetite is infinite. I would have been happier if it was 20 per cent," he said.

<http://www.financialexpress.com/news/iip-zooms-by-17.6-to-near-20yr-high/632489/>

### PM to bat for India's exports

Prime Minister Manmohan Singh's two-day visit to Toronto later this month for the G20 summit will see India use the occasion to gain a sense of how the world's significant economies view global growth trends and to press for a policy consensus supportive of Indian exports.

The closed door interactions are expected to provide for some plain and frank exchange of views on issues like banking controls and trade policies but Indian interests will lie in trying to shore up a supportive atmosphere for India's trade in view of a still fragile recovery in exports.

The burden of the song is likely to be that those economies that are not too stressed in terms of fiscal deficits should certainly look to retain growth incentives like duty cuts and other measures. It's a tricky job as it involves putting it across that while India needed to consider a graded exit, it hoped others would be more mindful of its concerns.

The Indian delegation, led by PM Manmohan Singh, would count on the competitive strength of its exports to make a sound argument. It helps more costly economies to use

Indian manufacture and services to cut expenses and realise better volumes. This should help Indian firms to maintain fuller order books than is currently the case.

Though India is seen to be back on the growth path, there is a consensus in government that small steps, not bold sweeps, have helped in the recovery. Yet, the jury on a full recovery is still out as economy watchers wait to see if there will more troughs or the graph will move steadily upwards.

On a broader screen, India is prepared to engage in discussions on WTO-related matters which have been stalled for a while and also look at the reform agendas that were thrown up by the crisis of 2008-09. Progress on reforms of financial systems is likely to be slow given the complex nature of regulatory issues that world leaders have been discussing.

But any move to make the financial systems more transparent will be welcome even though Indian leaders, like their counterparts elsewhere acknowledge, are aware that no matter how many layers of scrutiny and checks and balances are added, there is no surefire protection against greed and manipulation. Still, policies that do not encourage reckless risk-taking are being widely welcomed.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/PM-to-bat-for-Indias-exports/articleshow/6034833.cms>

### **Double-digit growth expected by 12th plan: Pranab**

The government is making efforts to achieve double-digit growth in the 12th Five-Year Plan (2012-17), Finance Minister Pranab Mukherjee said.

"We have had 6.7 per cent growth and 7.4 per cent growth (in the earlier fiscals). This year, I have projected a growth of about 8.5 per cent.

"If this trend continues, I am confident that during the 11th Plan, it can reach 9 per cent. We are making efforts to achieve a double-digit growth by the 12th Plan," Mukherjee told reporters here after inaugurating Yes Bank's West Bengal and North East banking operations.

Expressing concern over the inflationary pressures on the economy, especially food inflation, he said the government had already taken steps to curb this trend by placing edible oil, pulses and sugar under Open General Licence.

"But unfortunately, the international prices of these commodities remained high. We are, however, expecting the prices of sugar to come down somewhat as a result of a bumper crop domestically," he said.

Stressing the need for streamlining the PDS to bring down food inflation, he said the matter was discussed at the Chief Ministers' conference in Delhi in February.

He said it sub-group was expected to shortly submit its recommendation on the matter and the government would act on it. Meanwhile, to help the supply side, RBI has increased CRR by 25 basis points to suck out excess liquidity.

<http://economictimes.indiatimes.com/news/economy/indicators/Double-digit-growth-expected-by-12th-plan-Pranab/articleshow/6041950.cms>

### **Strong IIP to help economy grow by 8.5% in FY11: India Inc**

India Inc expressed the hope that the robust 17.6-per cent industrial growth in April will help the economy grow by 8.5 per cent in this fiscal, even though factory output growth may moderate after June.

"With such strident growth in the industrial sector, GDP growth during 2010-11 can also be expected to reach the 8.5 per cent target," Ficci secretary general Amit Mitra said.

The CII said the stronger-than-expected IIP numbers have raised hopes that the economy will do well in the current fiscal year. "If the performance of the monsoon is good and inflation moderates, we could see very strong growth in the current year," CII director general Chandrajeet Banerjee said.

However, Mitra cautioned that this trend of high growth may moderate from June onwards because of the base effect.

The CII also said as business sentiment has seen a strong revival investment has been buoyant, especially in the manufacturing sector. It also advocated for the need to raise the share of manufacturing to provide greater employment opportunities.

"Our manufacturing economy needs to grow at a sustained rate of 11-12 per cent to capture the global opportunity in manufacturing," CII said.

PHDCCI additional secretary general S Kapur too said the IIP numbers have proved that economic fundamentals are strong and the country is gradually catching up with the rate of growth that existed before the economic meltdown.

<http://economictimes.indiatimes.com/news/economy/indicators/Strong-IIP-to-help-economy-grow-by-85-in-FY11-India-Inc/articleshow/6037784.cms>

### **M&A, PE deals more than double in 5 mths**

Corporate merger & acquisitions and private equity transactions more than doubled in the first five months of the current calendar year, recording a marked revival in deal activity in the country. As many as 439 M&A and PE transactions have been announced between January and May this year compared to just 179 in the year ago period, as per advisory firm Grant Thornton.

Indeed, the number of deals sealed so far this year has also overtaken that of the corresponding period in 2008 when 383 deals were announced. The sharp rebound in the corporate dealmaking over the past few months is linked to the recovery in the Indian

economy, said a Delhi-based corporate lawyer specialising in such transactions. The value of deals announced since January has topped the \$30-billion mark, over three-fold jump from \$8.1 billion recorded in January-May 2009.

The month of May alone witnessed 59 deals worth \$8.33 billion against 35 deals valued at \$1.85 billion in the year ago period. Out of this, 44 were M&As and the remaining 15 were PE transactions. Some of the key sectors that attracted significant investor interest in the M&A space were pharma & healthcare, banking & finance, mining, FMCG and IT/ITeS, while PE firms struck deals in cement, education and real estate sectors, among others.

The biggest PE transaction last month was KKR- Dalmia Cement deal worth \$159.57 million. The biggest M&A deal was Abbott's acquisition of Piramal Healthcare's formulations business for \$3.7 billion.

<http://economictimes.indiatimes.com/news/news-by-company/corporate-trends/MA-PE-deals-more-than-double-in-5-mths/articleshow/6021593.cms>

## **Overseas Investment**

### **Govt clears FDI proposals in 7 media cos**

The government has cleared foreign investment proposals of seven media and entertainment companies to bring in Rs 472.48 crore, but deferred a decision on four others, including Zee Entertainment and Jagran Media.

The other two media proposals deferred were from INX Media Pvt Ltd and Sea TV Network Ltd, the Finance Ministry said in a statement.

The spate of FDI proposals in the Indian media and entertainment arena come at a time when the sector is projected to double to more than USD 24 billion by 2014, up from USD 12.9 billion in 2009.

Overall, 17 FDI proposals from various sectors were okayed for bringing in Rs 569.41 crore, while 20 were deferred and nine rejected.

Besides media, quite a few of other proposals deferred were from the booming telecom and technology sectors.

The decisions on foreign investments are based on the recommendations of the Foreign Investment Promotion Board (FIPB) at its meeting held on May 31, 2010.

The bulk of the investments cleared were from two media companies -- Hindustan Media Ventures Ltd (HMVL) and Turmeric Vision Pvt Ltd (TVPL).

While HMVL, the publisher of Hindi daily 'Hindustan', will bring Rs 350 crore in foreign investment from FIIs and venture capital funds, TVPL's proposal entails FDI of Rs 122.10 crore for foreign equity in a 24-hour food TV channel.

UTV News Ltd's Rs 34 lakh FDI for up-linking and broadcasting content on its news and current affairs television channel was also cleared by the government.

The other media proposals okayed were those of Haymarket Media to publish specialist magazines (Family Physician and FourFour Two), Mid Day Multimedia, Clear Channel Mumbai Pvt Ltd and Universal Music India Pvt Ltd.

As for other sectors, the government cleared Rs 36.76 crore FDI in Geomysore Services (India) Pvt Ltd to undertake minerals exploration and mining of gold nickel, platinum, diamonds, copper and zinc.

It also okayed C&J International's proposal for a Rs 19 crore foreign investment to set up a JV for retail trading under a single brand, as well as Strawberry Constructions Pvt Ltd's proposal for Rs 25 crore FDI.

In the agriculture field, it approved the Rs 15.28 crore proposal of Valuable AG-Bio Pvt Ltd for investment in floriculture and horticulture.

<http://www.financialexpress.com/news/govt-clears-fdi-proposals-in-7-media-cos/632604/>

## **Trade News**

### **India-UAE trade may jump to \$96 bn in 5 years**

Having replaced China as the UAE's largest trade partner in 2008-09, India now expects to further bolster its bilateral trade with the West Asian emirate to \$96 billion over the next five years.

This was stated by Federation of Indian Export Organisations (FIEO) president A Sakthivel at the inauguration ceremony of The India Show.

Over 250 businessmen are participating in the trade festival, which aims to not only showcase India's prowess in manufacturing and services but also position itself as an attractive investment destination.

Mr Sakthivel said India became UAE's largest trading partner in 2009 with exports reaching \$24 billion, a growth of 56% on a year-on-year basis.

"The pace at which the trade with UAE is growing, we expect it to double in the next five years. Dubai is the gateway to West Asia and North African countries and its importance has to be tapped in showcasing our position," said Mr Sakthivel, adding that the non-oil trade between the two countries stood at \$50 billion during the last fiscal.

The three-day business bonanza was inaugurated by UAE's trade and commerce minister Sheikha Lubna. "There is high amount of interest in the show. It is a good platform for exporters and we expect good business from here," Mr Sakthivel said.

The over 250 representatives from small, medium and large sectors include those from sectors like garments, textiles, home products, food and gift items, auto parts, fashion accessories, and information technology. According to FIEO, the buyer profile includes importers, distributors, retailers, manufacturers and suppliers.

Talking about the opportunities that Dubai offers in terms of trade, MK Lokesh, the Indian ambassador to UAE said, "It would be a modest target to have a growth rate target of 20-30%. We are exploring opportunities in fresh areas as well. Besides meat, spices and other items of business, we are planning to promote public-private-partnership in education, financial services, IT and real estate."

As UAE's largest trading partner, India accounts for almost 15% of country's total commodity exchange. The main items of export from India include mineral fuel, gems and jewellery, cotton yarn, marine products and meat.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-UAE-trade-may-jump-to-96-bn-in-5-years/articleshow/6026374.cms>

### **India, China to grow wealthier, faster**

Emerging markets like India and China will see faster wealth creation in the future, says a report according to which global wealth grew a "remarkable" 11.5 per cent in 2009 to USD 111.5 trillion.

Global management consulting firm Boston Consulting Group (BCG) in its 10th annual Global Wealth report estimated that China and India will generate triple the growth of other countries from 2009 end to 2014.

The recovery in wealth, which offset the 10 per cent dip in global assets under management in 2008, was driven by resurgent financial markets and increased savings, it said.

BCG projected that global wealth would grow at an average annual rate of nearly 6 per cent from 2009 year-end through 2014, much slower than the sharp recovery last year but still higher than the 4.8 per cent annual growth rate from 2004 year-end through 2009.

"There's no doubt that wealth will continue to grow faster in emerging markets, fueled by strong economic growth," BCG Partner and Co-Author of the report Tjun Tang said.

Asia-Pacific, excluding Japan, is expected to grow at nearly twice the global rate, raising its share of global wealth from 15 per cent in 2009 to almost 20 per cent in 2014.

<http://www.financialexpress.com/news/india-china-to-grow-wealthier-faster/632503/>

### **Indo-US CEOs Forum to meet in Washington on June 22**

The second meeting of the Indo - US CEOs Forum is slated to be held in Washington on June 22 to give impetus to the economic ties between the two countries, following last week's strategic dialogue between the two countries.

A top US official said that several cabinet- level ministers from both the nations are scheduled to attend the meeting.

"One of the real drivers in the (Indo-US) relationship has been that we've created a CEOs Forum with top CEOs on both sides, who are going to come together on June 22 here in Washington," Assistant Secretary of State for South and Central Asia Robert Blake said in response to a question.

"With several top ministers on each side, the CEOs would present their recommendations on how the two governments can help reduce barriers for greater trade and investment on both sides," he added.

The CEOs Forum was reconstituted in November 2009, during the state visit of Prime Minister Manmohan Singh to the US.

The first meeting of the CEOs Forum was held on November 23 on the eve of the PM's meeting with the US President Barack Obama at the White House.

The CEO Forum is co-chaired by the Tata Sons chairman, Ratan Tata, and David Cote, chairman of fortune 500 Honeywell.

While, Tata heads the 12-member Indian delegation to the CEO Forum, Cote leads the US-side.

The American members of the CEOs Forum, include the Citi Groups CEO Vikram Pandit and Indra Nooyi of Pepsico, Louis Chênevert from United Technologies, Andrew Liveris of Dow Chemicals.

Indian corporate leaders in the CEO Forum, include Sunil Bharti Mittal Chairman and CEO of Bharti Enterprise; SBI chairman O P Bhatt; Venu Srinivisan of the TVS Motors; S Gopalarishnan from Infosys; Chanda Kochhar MD and CEO of ICICI Bank; Reliance's Mukesh Ambani; Biocon Chairman and MD Kiran Mazumdar Shaw and Deepak Parikh from HDFC.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/Indo-US-CEOs-Forum-to-meet-in-Washington-on-June-22/articleshow/6027986.cms>

## **Sectoral News**

### **Consumer durable industry witnesses 30% growth**

The Indian consumer durable industry is witnessing a growth of 30 per cent owing to increase in summer sales which further lead to highest growth of 50 per cent in sales of refrigerators and air conditioners.

According to a statement from Consumer Electronics and Appliances Manufacturers Association, (CEAMA), the last quarter also saw phenomenal sales especially of displays

which include conventional flat panel displays (PDPs, LCDs and flat screen TVs). The industry also witnessed a 40 per cent growth in home appliances business.

Y V Verma, President, CEAMA, said, “The consumers nowadays prefer to use devices and products in-built with smart technology and design innovations which are more advanced that makes their life easy and consume less time. The consumers not only focus on the functional benefits of the products but also on the aesthetics added with the product.”

The Indian consumer durables industry has witnessed a considerable change over the last few years. Changing lifestyle, higher disposable income coupled with greater affordability, boom in the real estate and housing industry and a surge in advertising has been instrumental in bringing about a sea change in the consumer behavior pattern.

CEAMA expects increase in sale of consumer electronics during festival season. The Southern India will witness a considerable increase in sale from July onwards owing to Onam, one of the main festivals in Kerala. Also, the industry foresees the upcoming FIFA world cup as a huge opportunity to contribute to a significant rise in TV sales. With the onset of monsoon season it is predicted that demand for washing machines will also increase.

The industry has also witnessed some interesting upcoming trends. Due to early advent of summer, March and April saw an unprecedented sale of AC. Earlier, most households used to buy a single AC. Now, on an average, there are two to three air conditioners per home.

Consumers are more aware of energy efficient appliances as they are proactively asking for star-rated refrigerators and air conditioners. The demand for LCD televisions is also huge as consumers are replacing CTVs for an LCD or LED. Rural markets and small towns have shown promising demand for durables. There are pockets of prosperity in rural India that are drivers of rural growth.

<http://www.business-standard.com/india/news/consumer-durable-industry-witnesses-30-growth/398060/>

### **Over 1 mn .com, .net domain names in India**

India has registered a total of 1.037 million .com and .net domain names, according to the latest Domain Name Industry Brief (DNIB) by VeriSign.

The first quarter of 2010 saw over 193 million domain name registrations across all the Top Level Domain Names (TLDs) — an increase of 11 million domain name registrations as compared to the first quarter of 2009. New .com and .net registrations were added at an average of 2.7 million per month in the first quarter of 2010 for a total of 8.1 million new registrations in the quarter, reveal the findings of the first quarter of 2010 DNIB.

The report also spotlights a new study by the Information Technology and Innovation Foundation (ITIF), that gauges the commercial impact of the internet, in conjunction with the 25th anniversary of the first .com domain name registration.

It estimates that the annual global economic benefits of the commercial Internet equals \$1.5 trillion — a figure that eclipses the global sales of medicine, investment in renewable energy, and government investment in R&D, combined.

ITIF also estimates that, assuming ecommerce continues to grow just half as fast as it grew between 2005 and 2010, then by 2020, it will add \$3.8 trillion to the global economy.

Although online commerce is becoming commonplace worldwide, it's still more popular in some countries than others.

In assessing 30 nations, ITIF found Denmark, Sweden, the United Kingdom, and the United States lead the rest of the world in shopping, selling, and doing business online.

<http://www.business-standard.com/india/news/over-1-mn-com-net-domain-names-in-india/397640/>

### **Auto sales highest-ever for May, growth rate to moderate**

While increased consumer spending and low finance rates have led to the highest-ever auto sales for May, the industry association has warned that the high growth rate has started moderating and will likely dip further.

It added that the industry is optimistic, though worried that sales may come under pressure if interest rates are hiked to control inflationary pressures.

According to the Society of Indian Automobile Manufacturers (SIAM), overall vehicle sales grew 30 per cent in May to 1,208,851 units, and eight per cent over the previous month of April.

“With the economy doing well and per capita income rising, auto sales have been the highest-ever recorded for the month.

However, there is a moderation in the growth over the last 3-4 months and the net figures have been going down.

In all segments except commercial vehicles, the growth rates have come down from February and March,” said Mr Vishnu Mathur, Director-General, SIAM.

Passenger car sales in the month grew 30 per cent to 148,481 units, while the umbrella passenger vehicle segment posted a 35 per cent growth in sales. The rise in car sales has been attributed to the various recent launches, especially in the A2 small car segment.

Car market leader Maruti Suzuki's overall sales (including exports) crossed the one lakh figure in May, with domestic sales rising 27 per cent to 90,041 units.

Rival Hyundai Motor India's sales grew by 15.53 per cent, while Tata Motors' sales in the segment rose 33 per cent.

On the back of strong sales of the Figo hatchback, Ford India saw sales grow almost four times to 8,080 units. Similarly, the success of the Beat and Cruze also boosted General Motors sales by 61 per cent.

### *Two wheelers*

Meanwhile, two wheeler sales rose 29 per cent, with motorcycle sales increasing 26 per cent to 725,311 units, and scooter sales rising 45 per cent to 1,57,509 units.

Market leader Hero Honda witnessed a 14 per cent growth, while Bajaj Auto's sales grew 68 per cent. TVS Motors and Honda Motorcycle and Scooter India posted a sales growth of 27 per cent and 37 per cent, respectively.

Commercial vehicle sales in the month rose 58 per cent, with market leader Tata Motors posting a 42 per cent growth.

Mr Mathur said that with the monsoon expected to be good this year, commercial vehicle sales are expected to rise with the increase in freight.

### *Exports*

Overall exports in the month rose 50 per cent, led by commercial vehicles and three wheelers. SIAM said that exports remain a concern as the demand in Europe is yet to improve.

<http://www.thehindubusinessline.com/2010/06/10/stories/2010061052990200.htm>

### **Commercial vehicle sales expected to rise 15-25%**

Focus on infrastructure, normal monsoon to give boost

The commercial vehicle (CV) industry in India is poised to grow at around 25 per cent in 2010-11 on the back of increased focus on infrastructure development and the forecast of normal monsoons in the current financial year, say many analysts.

This would help ensure a new peak of over 600,000 unit sales. A significant jump is expected in the medium and heavy commercial vehicle (M&HCV) category (7.5 tonne and above), yet to touch the earlier sales record, of 2006-07, at 275,556 units.

“After a recovery in 2009-10, this year the commercial vehicle industry would grow at 25 per cent and would enter the stabilisation phase, as finance continues to be readily available and the cost of funds is still relatively low vis-à-vis earlier levels,” said V G Ramakrishna, senior director, Frost & Sullivan.

According to the Society of Indian Automobile Manufacturers, in 2009-10, while the M&HCV segment registered growth of 33.5 per cent at 245,058 units, total CV sales went up by 38.3 per cent to 531,395 units. At an estimated 25 per cent growth, while the M&HCV segment would be about 306,000 units, total CV sales would be about 664,000 units in 2010-11.

According to Vinod Aggarwal, chief financial officer, VE Commercial Vehicles, the extremely good growth in the manufacturing sector and a normal forecast for the monsoon will ensure the CV industry will cover all lost ground and may end the financial year at a new peak across all sub-segments. "This year is an infrastructure-led growth and players with strong foothold in the M&HCV segment will benefit the most," he said.

CV sales had taken a hit in 2008-09 and total sales declined by 21.7 per cent, at 384,122 units. However, the Centre's intervention in 2009-10 through stimulus measures and enhanced spending on infrastructure helped the sector to revive. The growth momentum of 2010-11 is expected to sustain over the next two years, if the overall economy continues to grow at a buoyant pace.

"Demand for commercial vehicles is closely related to the economy and since the economy is expected to grow at around eight per cent, we may achieve a minimum of 15 per cent growth in demand for CVs this year and similar growth in the next two-three years," added R Seshasayee, managing director, Ashok Leyland.

<http://www.business-standard.com/india/news/commercial-vehicle-sales-expected-to-rise-15-25/397595/>

#### **Tata Tele crosses 70 mn subscriber-mark**

Telecom major Tata Teleservices (TTSL) today said it has crossed the 70-million subscriber-mark with an addition of 2.33 million new users in May.

The company has crossed the milestone within a span of five years since its launch in early 2005.

The achievement of 70 million users by TTSL is all the more commendable as the company has shown a subscriber growth rate of more than 100 per cent in the last 12 months – from 35 million in May 2009, TTSL said in a statement.

"We thank and appreciate every subscriber's faith in us as a transparent, caring and efficient telecom services company," TTSL Managing Director Anil Sardana said.

"With the countdown on 3G services having begun, we will continue to walk the innovation path, providing our customers with differentiated products and services, which will take telecom (services) to the next level," he added.

According to telecom regulator TRAI, telcos added 16.9 million mobile users in April, taking the total number of telephone subscribers in the country to 638.05 million.

<http://www.financialexpress.com/news/tata-tele-crosses-70-mn-subscribermark/633621/>

## **Gold ETF volumes jump 103%**

India's gold collection under exchange-traded funds (ETFs) rose by 103 percent on year to 10.143 tonnes in May, when a local gold buying festival buoyed buying, data from the funds showed.

This volume growth could be attributed to Akshaya Tritiya, said Rajan Mehta, executive director at Benchmark Mutual Fund, the country's largest.

India, the world's largest consumer of bullion, celebrated the Akshaya Tritiya festival, which is more popular in south India, on May 16.

Our traded volumes were 1 tonne or 2 billion rupees on that day, the highest ever single day volume, Mehta added.

Gold futures on the Multi Commodity Exchange (MCX) was trading 0.19 percent higher at 18,635 rupees per 10 grams, after gaining more than 7 percent in May.

Though gold collections under ETFs are growing, they remain miniscule against India's imports of about 700 tonnes annually.

Gold ETFs -- instruments that can be traded like shares and are backed by physical gold holdings -- are more than three years old and the segment may get crowded with some other funds planning to enter.

<http://www.financialexpress.com/news/gold-etf-volumes-jump-103/632613/>

## **News Round-up**

### **India may attract more capital flows: RBI**

India is likely to witness a surge in capital inflows as investors may find the country an attractive bet in the backdrop of an uncertain global environment, a top Reserve Bank official said.

"Money tries to come to places where it gets better returns. So from the point of view of capital flows, you do have the likelihood of more uncertainty in the rest of the world and therefore more money coming to India," RBI Deputy Governor Usha Thorat said.

Foreign Institutional Investors have, so far, invested around USD 5 billion in the domestic share market against a total investment of USD 17.45 billion in 2009.

Policymakers, worldwide, are watching the developments associated with the euro zone crisis, which broke out after Greece nearly defaulted on public debts.

To avert the deepening crisis, euro zone countries and the International Monetary Fund formed a USD one trillion rescue package to bail-out Greece.

The Reserve Bank, which has started withdrawing emergency monetary stimulus measures of the crisis period, is in a dilemma about hiking policy rates next month to facilitate the exit while the recovery is still nascent.

<http://www.financialexpress.com/news/india-may-attract-more-capital-flows-rbi/632970/>

### **Mkts likely to remain positive: Analysts**

Dalal Street is likely to carry forward the upward movement this week as risk appetite is returning to the markets on the back of a strong domestic economic scenario and strengthening global cues.

"In the past few sessions, the market has shown good performance and it seems the confidence level among investors is returning as sentiment across the globe is positive for now. The domestic market is likely to start with a positive bias this week," SMC Capital's equity head J Thunuguntla said.

During the last three trading sessions, the 30-share BSE benchmark Sensex rallied 448 points, or 2.6 per cent, thus trimming the losses for the past week to just 0.3 per cent.

"After being beaten heavily on European debt worries, the market is now cheering positive news coming in from all fronts and the Dalal Street is likely to trade in the green," Bonanza Portfolio AVP for equity research Avinash Gupta said.

The market sentiment is positive due to many factors. The country's industrial output for May expanded much faster than expected at a full 17.6 per cent, the second best ever.

On the global front, the European Central Bank and the Bank of England left their benchmark rates unchanged again to support the fledgling economic recovery, China's exports jumped to a 48 per cent in May and Japan's gross domestic product rose at an annualised 5 per cent in the first quarter.

"But, investors are cautious and it is unlikely that they will miss any chance to book profit at higher level, which may bring more volatility into the street," Thunuguntla added.

FIIIs, which offloaded shares worth USD 2 billion in May, were net buyers last week and so far in June they have made a net investment of Rs 1,576 crore in the market.

Investors will eye the first installment of the corporate advance tax payment (which falls due on June 15) which will give some clue about the June quarter corporate results.

However, global risk appetite holds key for the domestic equities in near term. "At the current levels, though the market valuations do not look very expensive, with lack of fresh triggers except IIP, the upside seems to be limited," Indiabulls Securities said in a note.

<http://www.financialexpress.com/news/mkts-likely-to-remain-positive-analysts/633217/>