

Dear Sir,

Finance Minister Pranab Mukherjee while presenting his second Union budget (2010-11) tried to correct the deteriorating fiscal deficit. The Finance Minister also rolled back the stimulus package announced in the wake of economic recession by putting excise duty across the board back at 10 per cent.

India's Index of Industrial Production (IIP) registered a robust year-on-year growth of 16.7 per cent in January 2010, bolstered by a strong performance by the manufacturing sector, which grew 17.9 per cent in the same month. On a related note, India is expected to overtake China to become the world's fastest growing economy by 2018, according to the Economist Intelligence Unit (EIU), the research arm of the London-based magazine, The Economist.

On another note, India's merchandise exports rose for the third straight month to touch US\$ 14.34 billion in January 2010, up 11.5 per cent from the corresponding period last year.

With warm regards,

Team JRCN
March '10

Quote of the Month

“India will grow at a rate of 9 to 10 per cent for the next 25 years”.

Dr. Manmohan Singh
Prime Minister



Automobile

Special

M&M becomes biggest tractor company

Mahindra and Mahindra has become the world's number one tractor company posting sales of 159,000 tractors in 2009. The company is targeting sales of 170,000 tractors by the end of the current financial year.

Car sales up by 32 per cent

According to the figures released by the Society of Indian Automobile Manufacturers (SIAM), domestic passenger car sales have increased 32.28 per cent at 145,905 units in January 2010 from 110,300 units in the same month last year.

India's automobile exports during the 11-month period of April-February 2009-10 grew by 16 per cent over the corresponding period last fiscal.

Economy

Exports up 11.5% in Jan to \$14 bn

The country's merchandise exports have reached US\$ 14.34 billion in January 2010, up 11.5 per cent from US \$12.86 per cent in the same month a year ago. Among the commodities that accounted for this growth were agricultural products, tea, coffee, basmati rice, marine products, gems and jewellery, drugs, petroleum products and plastics.

India's growth rate will be more than 7.2%

According to the Finance Minister Pranab Mukherjee, the economic growth rate for the current financial year would be higher than the advance estimate forecast of 7.2 per cent, released by the Central Statistical Organization (CSO).

Food inflation rate still higher

India's food price inflation held above 17% for a fifth week. An index measuring wholesale prices of food articles rose 17.58% in the week ended 13 February from a year earlier.

SEZ exports rise by 127 per cent in Apr-Dec 2009

Exports from the Special Economic Zones (SEZs) grew by a robust 127 per cent in the first nine months of 2009-10 to over US\$ 32.53 billion compared to US\$ 14.28 billion in the same period in the previous year.

Special

India to grow at 8.2 per cent in next fiscal

The Prime Minister's Economic Advisory Council (PMEAC) has pegged India's growth at 8.2 per cent for 2010-11, expecting the agriculture, industrial and services sectors to perform well through the next two years. The panel has further predicted 9 per cent growth rate in 2011-12.

Investments

FII put record money in equity market

According to the Economic Survey 2009-10, foreign institutional investors made a record investment in the Indian equity market in 2009, with net FII investment in the equity market at Rs.83,424 crore (US\$ 18.06) in 2009.

FDI inflows touch US\$ 1.54 billion in December 2009

Foreign direct investment grew to US\$ 1.54 billion in December 2009, an increase of 13.2 per cent over the December 2008 level of US\$ 1.36 billion. These figures were released by the Reserve Bank of India.

Banking and Insurance

Bank credit growth at 14.83 per cent

Outstanding bank credit in the 15 days up to January 29, 2010, rose by Rs. 20,000 crore thus recording a 14.83 per cent growth compared to the same fortnight last year. This is the highest year-on-year growth in credit since August 14, 2009.

Telecom & IT

Special

IT sector to grow faster

According to a study by Springboard Research, the Indian information technology market is expected to grow at around 15.5 per cent in 2010 on the back of growing investor confidence and favorable initiatives taken by the government.

Telecom sector's revenue up by 4%

India's telecommunications industry has posted revenues of Rs.39,756 crore during the quarter ended December 31, 2009, on the back of improvements in earnings from both mobile and landline services.

Computer sales on a new high

Overall sales of the Indian personal computer market have touched 1.97 million units during the October-December fourth quarter of calendar year 2009-a 25.7 per cent year-on-year growth, according to a report by the research and advisory company, IDC.

TCS gets Rs4150 crore deal from UK govt

Tata Consultancy Services Limited (TCS), the country's largest software exporter by revenue, is to administer the UK's National Employee Savings Trust (NEST) scheme's administered services under a 10-year deal worth around 4,150 cr.

Mobile internet usage double in India

The number of people using mobile Internet in India, has more than doubled, from about 8-10 million in the beginning of 2009, according to search engine company, Google, which saw a four-fold increase in Google searches on mobiles in the Period March-April 2009.

Infrastructure

Special

Core sector to get 46% of outlay

Union Finance Minister, Pranab Mukherjee, has allocated over 46 percent of the total plan allocation- Rs.173,552 crore for 2010-11 for infrastructure development in the Union Budget in order to provide a thrust for upgrading infrastructure in both rural and urban areas.

Core sector growth 9.4 per cent in January

India's core sector, comprising six key infrastructure industries, grew by 9.4 per cent on a year-on-year basis in January 2010, compared with 6 per cent in the previous month and 2.2 per cent in January 2009. This is significant recovery led by an increase in the production of crude oil, electricity and finished steel.

Infrastructure investments double in five years

Investments in the country's infrastructure sector have doubled from 4 per cent in 2004-05 to 8 per cent of the gross domestic product over the past five years. This fact is released by the Planning Commission.

Industry

Highest industrial growth recorded in 20 years

India's industrial output grew at its fastest year-on-year pace in almost two decades at 16.8 per cent in December 2009, signaling a strong recovery. The manufacturing sector, which constitutes around 80 per cent of industrial output, expanded by 18.5 per cent to set the pace of growth.

Excellent growth in cement industry

Major cement manufacturers have posted a 12.6 per cent year-on-year increase in dispatches at 18.2 million tones in January 2010. Cement production too has registered 12.8 per cent growth and the last 10 months have seen 23.6 million tones of fresh capacity addition.

India will export aluminium by 2013

India's aluminium production will more than treble to 4.4 million tones by mid-2012 with new capacities coming on stream, along with requisite captive power generation capacities according to a Fitch Ratings report. As per the estimation of the ICRA Ltd., the country could be an annual exporter of 2 MT of the metal by 2013.

Electronics sector growth rate 11%

The consumer electronics sector posted 11 per cent growth in the previous year on the back of the fiscal stimulus announced by the government and growth is expected to continue in the current year. This growth is mainly led by technology-oriented categories.

Special

India to become 2nd largest steel maker by 2012

India will become the world's second-largest steel producer by 2012, more than doubling its capacity of 57 million tones as part of the push being given to assist overall infrastructure development.

POLICY WATCH	FOCUS: FINANCE COMMISSION	SPECIAL
<p>Full convertibility may become reality According to the Governor of Reserve Bank of India, Dr. D. Subbarao, the central bank would rework the roadmap for making the rupee fully convertible on capital account depending on global economic developments.</p> <p>Cap on firms bidding for port projects removed In a significant move, the central government has removed the cap on the number of players allowed to participate in financial bidding for port expansion projects under public-private partnership.</p> <p>Government allows re-pricing of FCCBs The Government has allowed companies to reprice their foreign currency convertible bonds on par with qualified institutional placements (QIPs), allowing FCCB issuer's flexibility in renegotiating terms with their investors.</p>	<p>The 13th Finance Commission has presented its recommendations to the President in which it upped the share of the states in the divisible pool of revenue from 30.5% to 32%. At the same time, it has added around 2.5% that will go to the third tier of government i.e. local administration such as panchayats and municipal corporations. The Finance Commission also says that transfer of funds between urban and local bodies be based on population. The Finance commission has ensured that the states with the lowest per capita income receive the largest increase.</p> <p>TRADE</p> <p>Indo-Hungary trade to touch \$1 billion Trade between India and Hungary is likely to touch US\$ 1 billion by 2012.</p>	<p>India's business confidence index touches new high Business confidence in India has touched a two-year high in January 2010, according to the latest National Council of Applied Economic Research-MasterCard Worldwide Index of Business Confidence.</p> <p>Nippon ties up with Tata Steel Japan's Nippon Steel has tied up with Tata Steel for production and sales of automotive cold-rolled flat products in India.</p> <p>New micro-finance bill to be introduced The Microfinance bill is likely to be introduced in Parliament will ensure that interest rates on micro lending will not be capped, and will leave self-help groups and small community service firms out of its regulatory ambit.</p>
GREEN ECONOMY	AVIATION	FACT OF THE MONTH
<p>13th Finance Commission to focus upon clean development The Thirteenth Finance Commission has allocated Rs.15,000 crore to environmental protection and sustainable development programmes in areas such as renewable energy, water management and increasing forest cover across the country.</p> 	<p>Tata-Sikorsky first copter to fly out from aerospace SEZ The joint venture of Tata Advanced Systems Limited and Sikorsky Aircraft Corporation (United States of America) will produce its first helicopter from the Aerospace and Precision Engineering special economic zone at Adibatla near Hyderabad by November 2010.</p>	<p>US to make India regional aviation hub The US will work with the the Indian government and the domestic private sector to make the country an aviation hub. This was announced by US ambassador to India, Timothy J Roemer at India Aviation 2010.</p>