



Statement by Union Minister of Commerce & Industry on the outcome of the WTO mini-Ministerial meet at Geneva

Addressing a Press Conference on the outcome of the WTO Ministerial Conference held in Geneva, which concluded on July 27, 2008, Mr. Kamal Nath, Union Minister of Commerce & Industry, stated that the primary objective of the Doha Round was to put the development dimension of international trade on centre stage. He further added that while there would always be commercial interests guiding trade, these interests could not take primacy over the livelihood interests of billions of poor and vulnerable farmers of the developing world. He emphasized that in the context of the current food crisis and the abnormal rise in food prices, it has become all the more important to preserve and protect the livelihood security of poor farmers and the long term food security of developing nations. Mr. Kamal Nath, reiterated that India stood committed to constructively engage at the WTO to move the Doha Development Round to a successful conclusion.

IT spend in India to touch \$ 35 billion by 2011

The total IT spend by Indian companies is estimated to reach \$35 billion by 2011, with small & medium businesses (SMBs) accounting for \$8-9 billion. According to IT market research organisation Springboard Research, of the total estimated IT of \$ 35 billion, spending on IT services would be of the order of \$8.1 billion by 2011. Mr Ravi Shekhar Pandey, Senior Analyst & Manager of Springboard Research, stated that the growth in the IT sector in India was the fastest among emerging markets, with top vendors in the key segment growing at between 25 per cent and 60 per cent in 2007. He said that sectors such as the Government, banking, telecom and retail offered unmatched scale and opportunities. He

further said that research findings revealed that India was the fastest-growing market for SOL (Service Oriented Architecture) with a compounded annual growth rate of 43 per cent. The growth in new server purchases by SMBs has been pegged at 25-30 per cent even as the software developer population base is estimated to go up to two million by 2010.

Biotech sector posts 20 per cent growth

According to an industry survey, biotechnology, a nascent sector in India, posted 20 per cent growth during 2007-08, with revenues of US\$ 2.56 billion, against US\$ 2.1 billion during the last fiscal. Investments increased by 21 per cent at US\$ 637,607 million with 48 per cent of the total biotech market shared between the 20 leading Indian companies. Going by the current trend and the new biotech policy of the central government, the sector is poised to generate US\$ 13-16 billion by 2015. The revenue could go higher if innovative products in the pipeline get regulatory approval on time. The highest growth rate was posted by Bio-services at 43 per cent, followed by Bio-informatics at 31 per cent. Bio-pharma and bio-agri segments showed sluggish growth during the current fiscal. Despite the fact that bio-pharma accounted for two-thirds of the sector revenue, grew by only 16 per cent.

Realty slump spells boom time for foreign investors

India's real estate sector might be witnessing ebbs but the downturn is only making things attractive for foreign investors. The slowdown, in fact, has set in more realistic valuations and growth-oriented investment opportunities for biggies to close in on lucrative deals. The US slowdown and the fact that China is tightening its FDI policy is also aiding a re-

markable shift in investment. Experts reckon that cities like Mumbai, Bangalore and the NCR region are hot investment destinations owing to their strategic importance. While Donald Trump Junior is setting up a \$1 billion fund to buy property in India, Lehman Brothers Real Estate Partners has recently acquired a 50 % stake in Unitech's Mumbai project. Also, Taib Bank, a leading private bank based in Bahrain, recently picked up a 26% stake into a project of Anant Raj Industries. Similarly, global financial services firm JP Morgan Chase has reportedly bought a 33% stake in a Special Purpose Vehicle (SPV) of real estate firm Alok Infrastructure and Damac Properties, a luxury lifestyle provider in the Middle East, plans to invest \$5 billion over the next three years in the Indian luxury homes sector. In a similar development, Blackstone Real Estate Partners, an affiliate of the Blackstone group, recently announced the purchase of a minority stake in Bangalore-based Synergy Property Development Services for \$18 million. The latter is a leading project and construction management company of India. The Rs 7,000-crore (US \$ 1555.60 million) Alchemist group's arm Alchemist Realty has a JV with the Renaissance Group, an international real estate company, and has projects worth over \$2 billion afloat in India. Industry experts do feel that most investors have been cashing in on the domestic market over the last six months. Jones Lang LaSalle Meghraj (JLLM) feels that most foreign finance institutions and funds sponsored by Wall Street banks are eyeing the Indian market at this time. In fact, Government figures on the sectors attracting the highest FDI equity inflows further validate this claim. Housing and real estate sector attracted Rs 1,510 crore (US \$ 335.60 million) in the month of April '08 alone, higher than the automobile industry at Rs 1,368 crore (US \$ 378.60 million) for the same month or even telecommunications at Rs 747 crore (US \$ 166 million).

NCAER report: Capital inflow grows three-fold in FY 2008

According to a report by the National Council of Applied Economic Research (NCAER), foreign investments in India grew three fold in FY 2008 as against the capital inflow in the corresponding period last fiscal. The

report stated that in the first nine months of 2007-08, the net capital flows rose to US\$ 83 billion from US\$ 30 billion the country received during the corresponding period of the previous year. India has sustained its momentum of receiving capital funds, which further increased its forex reserves. Further as per the report, the inflow of capital greatly boosted the total investment spending. The funds coming in as foreign direct investment (FDI) or external commercial borrowing, had also boosted portfolio funds, as between FY 2004 and FY 2008, the reserves increased by more than US\$ 150 billion. The report noted that access to global capital had helped India's macro-economy to see a rapid and steady rise in its forex reserves, post-1991 period.

Luxury jewellery line de Grisogono to make India foray

Geneva-based luxury watch and jewellery brand de Grisogono is firming up its plans to foray into the buoyant Indian retail market. The high-end brand will be launching its first mono-brand outlet in the yet-to-be-launched luxury mall DLF, Emporio. Mr Thibaud Jaouen, Manager, de Grisogono, stated that they would be introducing their flagship boutique in India by December. He emphasized that the high networth individuals in India would be their discerning customers. The flagship boutique has been set up with an investment of Rs. 25 crore (US \$ 5.56 million).

Foreign investment pumped up reserves

Foreign investment was the biggest source of accretion to India's foreign exchange reserves in 2007-08 at \$44.8 billion, against \$15.6 billion in the previous year. Under foreign investment, portfolio investments pumped in \$29.3 billion against \$7.1 billion in the previous year while FDI brought in \$15.5 billion, up from \$8.5 billion. According to the RBI, the accretion to the foreign exchange reserves was \$ 92.2 billion on a balance of payment basis (excluding valuation effects) during the recently concluded fiscal. Other major sources of accretion to the forex reserves during the first quarter in-

cluded External Commercial Borrowings at \$22.2 billion (\$16.2 billion), banking capital including NRI deposits at \$11.8 billion (\$1.9 billion) and short term credit at \$17.7 billion (\$6.6 billion).

Global giants turning to India as choice for R&D centres

In the face of mounting operational costs and recessionary trends in the US and Europe, more and more international companies are shifting a large chunk of their innovations and R&D resources to India. The [Philips Innovation Campus, Bangalore](#), which is a division of Philips Electronics India Ltd, is primarily a research centre working on software development for Philips' operations around the world, contributing to its world-class electronics. Unilever too, is putting in place a refocused R&D function by moving to a low-cost centre like India. This is part of a bigger plan by the company to create more R&D hubs in cities such as Mumbai.

India's exports grow by 21.7 per cent

India's exports for the month of May 2008 grew by 12.9 per cent to US\$ 13.78 billion as against US\$ 12.21 billion in the same month last year. Consequently, cumulative exports during the first two months of the current fiscal (2008-09) have grown by 21.7 per cent to US\$ 28.18 billion, compared to US\$ 23.16 billion recorded in the corresponding months last year. In rupee terms, exports during April-May 2008 recorded a growth rate of 20.6 per cent to Rs. 115,690 crore (US \$ 23486 million), as against Rs. 95,958 crore (US \$ 21324.-million) in the corresponding months last fiscal year. Simultaneously, imports recorded a high growth rate of 27.1 per cent to US\$ 24.5 billion in May 2008, compared to US\$ 19.31 billion in May 2007. This has taken the cumulative imports for the first two months of the current fiscal year to US\$ 48.82 billion, 31.7 per cent higher than US\$ 37 billion recorded in the corresponding months last months.

Textile exports to rise by 20 per cent

According to Dr J N Singh, Textile Commissioner and Joint Secretary for Ministry of Textiles, textiles and apparel exports were

expected to increase by 20 per cent in the current financial year. Textile exports went up to US\$ 20.8 billion in FY 2008 compared to US\$ 18.5 billion in 2006-07, posting a rise of 15 per cent. The cotton output in 2008-09 is likely to be about five per cent more than the previous season's 31.50 million bales. Dr Singh informed that the Technology Upgradation Fund (TUF) scheme could be availed of till the last year of the 11th Five-Year Plan. The Government has released US\$ 254.79 million under this scheme, and dues up to September 2007 had been cleared. The Government had waived off import duty on raw cotton and had also removed the one per cent duty drawback on raw cotton exports.

India is witnessing retail boom

With rise in prosperity and disposable income of the middle class people in cities due to high economic growth, India is witnessing a retail boom. This has led to the growth of organized retailing, which is changing the way shopping is done, particularly in big cities like Delhi, Mumbai, Bangalore, Pune, Chennai, Hyderabad among others. The most visible symbols of organised retailing are the swanky malls, which have mushroomed in most of the large and medium size cities across the country. In cities like Delhi, malls have become a runaway success. A recent survey done by Jones Lang LaSalle Megharaj, a global real estate consultancy firm found that despite rise in number of malls in a city, high street shops continued to flourish. The survey suggested that the presence of new malls within an established high street increased the retail appeal and attractiveness of the entire stretch. It allowed malls and high streets to equally benefit from a growing footfall base of consumers flocking to such a street where they could find a combination of both high street retailing and shopping in new malls. The report highlighted that the revitalization of streets globally was a very serious issue and was often linked to the issue of regeneration of entire region. Typically stakeholders of streets, retailers, property owners, mall developers, development authorities, local council, all collaborate to map out a regeneration strategy with a view to improve the economic and image

impact of the street.

Luxury carmakers lined up new models for India

Luxury carmakers in India are on a roll. BMW, Porsche, Mercedes and Audi have lined up new models for the Indian market. The move is being backed by the view that the luxury car segment in India is unaffected by the high fuel prices. While Audi is launching A4, Porsche will launch 911 Carrera (generation 2), BMW the new-look 5 series and Mercedes the new E class. Towards the third quarter of the financial year, sources indicate that the German carmaker Mercedes is also looking to launch the spruced up M class and SLK. These high-end models are priced between Rs 37 lakh (US \$ 82000.-) for an E class and Rs 1.5 crore (US \$ 2,33,000.-) for the Porsche Carrera. Till recently, the Indian luxury car market was dominated by Mercedes. But now, BMW, Porsche, Audi, Rolls Royce and many others are vying for a share of the luxury segment. Mercedes Benz and BMW manufacture a few of their models to keep prices at competitive levels. In 2006, 3,300 luxury cars were sold in India, which rose to 4,500 in 2007 and is expected to touch 10,000 during the current year.

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