

India's exports up by 11.5 per cent in January 2010

INDIA'S exports grew by 11.5 per cent in January 2010, amounting to US\$ 14.34 billion, according to figures released by the Ministry of Commerce and Industry. This followed an 18.2 per cent spurt in exports in November 2009 and a 9.3 per cent expansion in December 2009.

The cumulative value of exports during the first 10 months of fiscal 2009-10 (April 2009-January 2010) amounted to US\$ 131.93 billion, as against US\$ 160.43 billion during the same period in the previous fiscal.

Imports grew by 35.5 per cent in January 2010 to US\$ 24.7 billion. The cumulative value of imports during the April 2009-January 2010 period was US\$ 218.53 billion. Oil imports in January 2010 were valued at US\$ 7.05 billion, 56 per cent higher than imports recorded in January 2009. Oil imports during the first 10 months of the fiscal were placed at US\$ 63.97 billion, 25.3 per cent lower than the figure for the same period in the previous financial year.

Non-oil imports during January 2010 were estimated at US\$ 17.65 billion and for the 10-month period at US\$ 154.56 billion.



The trade deficit in the April 2009-January 2010 period was estimated at US\$ 86.6 billion, lower than the deficit of US\$ 111.59 billion recorded in the same period of the previous fiscal.

Several sectors witnessed a spurt in exports over the last three months; they included agricultural products, tea, coffee, basmati rice, marine products, gems and jewellery, drugs, petroleum products and plastics.

India 13th largest FDI host country, says Columbia University report

INDIA is the world's 13th largest foreign direct investment (FDI) host country, according to a report by Columbia University. "Notable liberalisations in FDI policy and in several economic sectors, a globally competitive workforce, and rapid GDP and market growth are the main drivers of foreign investment in India," says the report, part of the series of Columbia FDI Profiles, prepared by the Vale Columbia Center on Sustainable International Investment (VCC).

"Average annual FDI inflows into India have grown fifteen-fold since 2000," says the report. "While, initially, investors concentrated in manufacturing, power and telecommunications, they now focus in services activities. Developed country firms dominated investment in the 1990s, but in the past decade developing country investors have also become significant."

India had received US\$ 169 billion of cumulative FDI inflows by the end of 2009 since it first opened itself to foreign direct investors in 1991, notes the Columbia University report.

FDI inflows into India, post-2004, have grown two times faster than Brazil's and four times faster than China's, "pointing to fundamental shifts in the Indian economy and global investor perceptions about India." Annual FDI inflows averaged US\$



2 billion a year in the 1990s, but policy liberalisations in the telecommunications, infrastructure and insurance sectors caused average annual inflows to double to US\$ 4 billion between 2000 and 2005, it adds.

From 2005 onwards, further liberalisations – including the opening up of real estate to FDI, the raising of the telecom equity cap to 74 per cent and a variety of sectoral policy reforms – triggered another upward shift in FDI flows. Inflows shot up to US\$ 20 billion in 2006, further doubling to US\$ 42 billion in 2008, transforming India into the world's 13th largest host to FDI globally.

Currently, 61 per cent of India's annual FDI inflows go into the services sector, while manufacturing receives 27 per cent and primary sector activities, mainly mining and petroleum, some 9 per cent. In 2000, 45 per cent of all FDI inflows went into manufacturing, with services attracting just 17 per cent and the primary sector less than one per cent, says the report.

India to witness highest salary rise in Asia-Pacific region in 2010

INDIA will record the highest rise in salary increase during 2010 in the Asia-Pacific region, reveals the 14th annual Salary Increase Survey conducted by global human resources services firm, Hewitt Associates.

Salary increase for 2010 in India is projected to be 10.6 per cent, up 60 per cent from the actual increase of 6.6 per cent in 2009. Indian-owned companies are expected to outperform MNCs with a projected average increase of 11.4 per cent as against a 10.2 per cent by the latter.

Energy, telecommunications, pharmaceuticals, EPC (Engineering, Procurement and Construction) and automotive are among the sectors projecting the highest increases ranging from 11.6 per cent to 12.8 per cent, says the survey. Technology and outsourcing sectors have shown tremendous recovery over 2009, but are playing cautiously with single digit increases in the range of 8.5 per cent to 8.9 per cent.

"Organisations in India are positive and are looking at measured, realistic growth, with a keen eye on cost consolidation and prudence," says Sandeep Chaudhary, leader of Hewitt's performance and rewards consulting practice. "The economy has shown faster recovery in sectors that rely on domestic growth and consumption, while recovery in sectors that have global dependence is expected to gain speed by mid-2010. This growth



and the fact that 2009 saw a lot of salary freeze and salary-cuts are providing an impetus for healthy increase in compensation for employees."

Hewitt surveyed 465 organisations across different ownerships in the 14th annual Salary Increase Survey concluded on March 1, 2010. It analysed information across 20 primary industries and 27 sub-industries. The study measures actual and projected salary increases, variable pay and performance data across six employee categories, from top executive to manual workforce. The data for the survey was collected between December 2009 and February 2010.

TCS bags NEST contract in the UK

TATA Consultancy Services (TCS), India's largest software exporter, has won a US\$ 900 million, 10-year contract by the National Employee Savings Trust (NEST) of the UK, to administer its schemes.

"As we proceeded through our detailed procurement process, TCS emerged as an extremely strong bidder, both in terms of their capabilities in pension administration and in their ability to provide value for money for NEST members," remarks Tim Jones, chief executive, Personal Accounts Delivery Authority (PADA), UK. "Signing the contract early, in stages, allows us to get on with our work to deliver NEST."

The contract is divided into two stages and runs for 10 years, with possible extensions for up to a further five years. The first stage will run to October 2010, allowing TCS to begin the activity required to set up and administer NEST. Prior to the expiry of the first stage, a decision will be made on whether to proceed with the contract for the remainder of the contract term, adds Jones.

"This project will make a difference to millions of people in the UK and we are fully committed to it," says N Chandrasekaran, ceo and managing director, TCS. "Our selection as the preferred bidder demonstrates our strong domain and solution expertise and highlights our commitment to the UK public sector."

The contract covers services such as employer participation, member enrollment, collection and reconciliation, cash management, accessing pension savings and administration of accounts.

Angela Eagle, UK's minister of state for pensions and the ageing society, notes the scheme will be central to the new pensions landscape. "Together with automatic enrolment, NEST will help millions of people save for their retirement, with a guaranteed employer and government contribution."



Briefs

New Silk Route Partners takes 30 per cent stake in Nectar Lifesciences

NEW Silk Route Partners, a US-based private equity firm, has acquired a 30 per cent stake in Nectar Lifesciences, Chandigarh, for US\$ 55 million. The deal was structured through a combination of global depository receipts (GDRs) and fresh shares. New Silk Route, launched in 2006, is focussed on India and other fast-growing economies in Asia.

Hindustan Dorr-Oliver acquires UK firm

Hindustan Dorr-Oliver Ltd, a construction and civil engineering firm, has acquired DavyMarkham, a UK-based heavy engineering company. The Sheffield-based firm is involved in the design, manufacture and assembly of large equipment used in mining, power generation, oil, gas and nuclear sectors. Hindustan Dorr-Oliver is active in the oil and gas, power and uranium sectors.

Religare acquires Northgate Capital

Religare Enterprises Ltd has acquired majority stake in Northgate Capital, a private equity group with offices in London and San Francisco. The Religare board recently approved a commitment of US\$ 1 billion for global acquisitions. In 2008, it acquired UK-based Hichens, Harrison & Co, one of the oldest firms of stockbrokers in the City of London.

GFH promotes US\$ 10 billion economic development zone in Mumbai

THE ground-breaking ceremony for one of the largest foreign direct investment-driven integrated development projects in India was performed by Maharashtra chief minister Ashok Chavan in Mumbai in March 2010.

Gulf Finance House (GFH), a Bahrain-based innovative Islamic investment bank, is promoting the US\$ 10 billion economic development zone (EDZ) on the outskirts of Mumbai. The project, coming up on 1,700 acres of land, comprises three distinct components – an energy city, an IT and telecom city and an entertainment city. It will house about 140,000 residents, generate direct employment of more than 250,000 jobs, besides providing indirect employment to 750,000 persons.

“We welcome this initiative by Gulf Finance House and are confident that it will help in decongesting Mumbai, apart from significantly contributing to large-scale job creation and the development of world-class infrastructure,” remarks Chavan.

Esam Janahi, chairman, GFH, expects the first phase of the project to be completed within 30 months. “As has been always indicated by me, India and Maharashtra are ideal investment destinations, a fact well-validated by the limited impact of the global financial crisis.”

GFH specialises in the identification and development of initiatives, especially in the emerging economies of the GCC, Asia and North Africa. Its development infrastructure business has on hand projects valued at more than US\$ 30 billion. GFH’s flagship initiatives include the launch of energy cities in Qatar, Libya and Kazakhstan, financial harbours in Bahrain and Tunisia and the largest GFH concept to date, the GFH Economic Development Zone in Mumbai, amongst others.

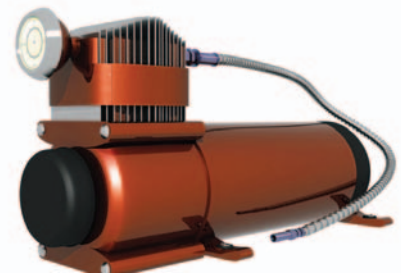
Elgi Equipment acquires French firm

ELGI Equipment Ltd (EEL), a Coimbatore-based manufacturer of industrial compressors, has acquired Belair SA, a French company that has been engaged in the assembly, sales and service of industrial compressors, piping, fittings and accessories for more than 25 years.

“In Europe and other developed markets, we follow a model of ‘multi – local’ acquisition of small to medium companies with strong brand names and supporting them with the ‘Elgi Inside’ strategy of providing key technologies and product extensions,” says Jairam Varadaraj, managing director, EEL.

The acquisition has cost the company nearly US\$ 1 million, which has been funded from internal accruals. Belair is a major supplier of compressors to the industrial segment with about 3 per cent of the French market.

EEL exports about 30 per cent of its products to the US, Europe, Australia, South-East Asia and the Middle East. It has also set up subsidiaries in China, the Gulf and Brazil and is today one of Asia’s largest integrated manufacturers of air compressors and auto service station equipment.



TII acquires French chains major

TUBE Investments of India (TII), a Murugappa Group company, and a leading manufacturer of bicycles, precision steel tubes, cold-rolled steel strips, cold-roll formed sections and industrial and automotive chains, has acquired a controlling stake in Sedis Group, France, through acquisition of 77 per cent of equity of its holding company, Financiere C10.



Sedis is a leading manufacturer of industrial and engineering-class chains in France and possesses a product range covering the requirements of a whole spectrum of industries including the high-growth infrastructure sector. Sedis has a presence in almost 100 countries through its vast distribution and sales network and has two plants in France and a marketing company in the UK.

“This acquisition by TII symbolises our dynamism in today’s global business arena,” says M M Murugappan, chairman, TII. “With Sedis we aspire to create a strong European base which, together with our skills, will put us on the path to becoming a global industrial chains manufacturer.”

According to L. Ramkumar, managing director, TII: “The synergies from this acquisition will not only help us enter new technologies and strengthen our existing technological expertise but also help us emerge as a leading global player in the industrial chains business. With this acquisition, we will be able to offer the requisite technical skills and a complete range of products to meet the requirements of our customers both in the Indian and global markets.”

Rabo India Finance in unique deal

IN a significant development in the microfinance sector, Rabo India recently successfully placed US\$ 5.5 million worth of commercial paper of Spandana Sphoorty Financial Limited (SSFL) with a leading mutual fund. This investment by a mutual fund is significant for the microfinance sector as it subscribed to commercial papers of a microfinance institution on a standalone basis.

Rabo India Finance acted as arrangers for the issue. The firm provides a suite of financing and capital market products to enable microfinance institutions to access the debt and equity capital markets efficiently. “We are delighted to have successfully closed this pioneering transaction for Spandana and aim to facilitate many more capital market transactions for them,” says Kaushik Modak, managing director, corporate banking and corporate advisory, Rabo India Finance Ltd. “The maturity of the microfinance sector provides mutual funds an alternative asset class for investments. We shall endeavour to do more innovative deals in the microfinance sector, a core sector for Rabo in India.”

The company is a 100 per cent subsidiary of Rabobank International, a Netherlands-based international financial services provider.

Padmaja Reddy, managing director, SSFL, says: “This would reduce the cost of borrowings and also invoke the interest of money market players into this sector, enabling microfinance players to rise to the stature of Indian corporate houses. We expect to do more such deals with other investors in the days to come.”

Briefs

ABFSG in tie-up with Korean firm

Aditya Birla Financial Services Group (ABFSG) signed a memorandum of understanding with Woori Investment & Securities, a leading Korea-based securities company, which will help both groups leverage business synergies and extend their product, service and advice offerings to a larger customer base across the Indian and Korean markets. It will pave the way for ABFSG to raise funds overseas.

Wipro in tie-up with Main Street America Group

WIPRO Technologies has entered into a seven-year strategic agreement with The Main Street America Group, a US-based insurer. Main Street will engage with Wipro for applications development, maintenance and quality assurance using Wipro’s CMMi Level 5 quality services. It will supplement Main Street America’s IT organisation in its endeavour to support its present and future business needs.

July Systems ties up with IPL

JULY Systems, a world leader in mobile internet solutions for the sports segment, has tied up with the Indian Premier League (IPL) and its licensing partner, Global Cricket Ventures (GCV), to launch an IPL mobile internet service specifically designed for the Indian market. July Systems partners some of the largest sports leagues and networks in the world.