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In this issue...

India invites Bahrain to invest in power, ports, highways sectors

India has invited Bahrain to invest in the power, ports, highways, supply chain, logistics and warehousing sectors.

A joint statement issued on the occasion of the state visit of Bahrain King, Hamad bin Isa Al Khalifa, states that India conveyed to the visiting dignitary that its companies have acquired considerable experience and expertise in infrastructure development, including in power generation and transmission, civil construction, railways and metros, hospitals, airports, housing, and roads, and indicated that they were keen to contribute in the upcoming projects in Bahrain.

In the field of economic cooperation, the two sides noted with satisfaction the growth and progression of the bilateral trade ties with two-way non-oil trade reaching $1.268 billion in 2012-13.

Both the sides recognised the potential for greater trade and commercial exchanges and agreed to take necessary steps to provide an impetus to the bilateral trade turnover.

The King met with Prime Minister Manmohan Singh in New Delhi on February 19 during which delegation level talks were held.

Source: Business-Standard

Chidambaram satisfied with G20 summit outcome

Satisfied with the outcome of the G20 meeting, Finance Minister P Chidambaram on February 23 said India's concerns with regard to withdrawal of the US stimulus and the need to expedite International Monetary Fund (IMF) quota reforms been taken on board by the group of rich and developing nations.

India, Chidambaram said, had expressed concern over the impact of monetary easing by the US Federal Reserve on the developing countries and underlined the need to expedite the

IMF quota reforms, which seek to give greater say to emerging economies in the multilateral lending body.

"When they (developed world) sought our cooperation during the economic downturn, it is only fair that they cooperate with developing countries during the economic recovery," he said.

Source: Press Trust of India

India and Israel bond with technology, innovation

India will showcase its technology capabilities in Israel in May as relations between the two countries are getting redefined with enhanced cooperation based on innovation in high-tech, IT, biomed, energy and cyber security.

India will participate in the First Innovation Conference in Israel, MIXiii 2014, that will take place at the Tel Aviv Fairgrounds on May 20-22. The conference aims to introduce participants to the broad spectrum of activities and ecosystem that make Israel one of the largest global innovation hubs.

There is excellent cutting-edge technology to be found in Israel, government and company officials say. The government has already registered at MIXiii 2014 and would take delegations from the country to showcase India's capabilities.

"Israel is the epicentre of world innovation right now," Prime Minister Benjamin Netanyahu declared at the World Economic Forum at Davos, Switzerland, last month in a speech that focussed on Israel as a hub for innovation as well as research and development.

"This is an invitation to an innovation nation, it's open for business, it's open for your business, please come join us," he said, citing interesting examples of Israeli innovation -- how scarce water resources has inspired Israelis to develop the world's most advance technologies for re-using water, and how scarce agricultural land has inspired them to learn how to get more milk out of every cow.

Last May, Israel hosted a summit that highlighted the role innovation can play in helping Asian countries cope with critical demographic, social, technological and environmental problems.

"Israel and India are existential partners," Israel's Ambassador to India Alon Ushpiz told IANS editors in a chat at the IANS office. "There are many joint values and joint interests on the basis of which the relationship can become a truly strategic one.

"The possibilities for cooperation are limitless."

Since full diplomatic relations between Israel and India were established in 1992, the two countries have moved significantly closer, largely on the basis of growing sales by Israel's defence industry to India. India is the largest customer of Israeli military equipment and Israel is the second largest military partner of India after Russia.

But technology collaborations in newer, diverse sectors such as water, solar, agriculture and biotech are quickening the strategic dialogue and interactions that have moved from relative obscurity to the centre of India's foreign policy agenda. Officials from both sides say Israeli-Indian cooperation is now poised for dramatic boosts.

In the past, the connections between Israel and India were made by American companies. They come to Israel to buy some technology and then move the production to India. Now there is a realization on both sides that they should come together directly and not through third party.

India and Israel have set up a $40 million fund to leverage innovation for economic collaboration through jointly developed technologies or joint collaborations. The fund would help Israeli companies participate in large Indian government-led ventures, foster collaboration of Israeli and Indian companies in R&D projects and seek to adapt products developed in Israel for the Indian market.

Also spurring the two democracies are a growing consensus on security, emerging threats and expanding agenda of shared regional interests.

"Israel and India are both facing similar challenges regarding prevention of terror threats, the defence of national borders, and internal security. The operational capacity of Israeli technologies meets India's needs," said Brig. Gen. (IAF, Res.) Shmaya Avieli, director of SIBAT, the International Defense Cooperation Division of the Israel Ministry of Defense (IMOD)

Earlier this month, 21 Israeli defence companies presented their cutting-edge solutions at the Defence Expo-2014 in New Delhi.

"Israel considers India as a partner and ally in the Global War on Terrorism. The prevention of terror in India contributes to the stability of both countries, and this partnership is important for the ongoing defence of the two democracies," said Avieli.

Both countries will work jointly to sharpen their expertise in the application of ground surveillance radar systems. Hyderabad-based Electronics Corporation of India and Israeli conglomerate Elbit Systems signed a letter of intent at the Defexpo.

Meeting Indian businessmen last October, President Shimon Peres focussed on cultural ties and said India could be of help in alleviating some of the tensions of the Middle East by introducing Arab societies to science and technology, and telling them how to escape poverty.

One area that is gaining attraction is homeland security. Given India's growing economy and huge population, there is room for greater cooperation.

in November last year, home ministers of the two countries discussed inter-agency collaboration at what Uspiz said was a "great meeting".

India is surrounded by countries, individuals, groups, and perhaps even governments hostile to it. Cyber attacks have been mounted against networks throughout the country. Cyber crime is also a growing problem, with many online businesses lacking the necessary software to protect their systems.

According to the IVC business data firm, there are 224 cyber security companies in Israel. India needs sophisticated technology to protect networks, databases, and enterprise computer systems. Recently Israel successfully fought off a major distributed denial of service (DDoS) attack by hacktivist group Anonymous.

In 2012, the two countries agreed to a programme to promote joint research with regard to cyber security.

Trade and industry experts say the nature of relations is also shifting from a buyer-seller one to technology transfer and collaboration. India is buying Israeli companies and establishing more joint ventures between the nations. Jain Irrigation Systems recently bought the drip irrigation company Naan-Dan that had been run by kibbutzims in Israel.

Because of the small Israeli market, officials say, there is not much of a traditional trade relationship. But that could change. The two countries are negotiating a free trade agreement, which Uspiz said, could be a "strategic game changer", expanding the scope and volume of trade two to three times over three to four years.

And the trigger would be technology. "The economic potential, especially in the high-tech sector, is huge," Ayal Moskal, Israel country manager of Tata Consultancy Services, said after a Track-II conference organised by the Aspen Institute of India and Tel Aviv University last October.

"If we join forces, we can conquer the economic world," Moscal said, pointing to the direction the relationship is moving.

Source: Indo-Asian News Service

India, Bahrain seek to boost trade, investments

India and Bahrain on February 19 signed eight deals and asked companies to enhance investments and trade on the back of strong people-to-people contacts.

Addressing the Bahrain-India Business Forum in New Delhi, India's Minister of State for Commerce and Industry E.M.S. Natchiappan said there were various opportunities for Bahraini companies to invest in India.

He said the recent economic reform measures easing regulations on foreign investments in various sectors, including retail and telecom, have made India a preferred investment destination.

"With the reforms being undertaken in India, there are several opportunities for Bahraini companies to invest in the country," Natchiappan said.

The forum meeting was organised by the Confederation of Indian Industry (CII) on the occasion of the visit of Bahrain's King Hamad bin Isa Al-Khalifa.

Accompanied by 150 member high-level business delegation, the king is on a three-day official visit to India.

The minister advised Bahraini companies to invest in the projects along the various industrial corridors that are being set up. These include the Delhi-Mumbai Industrial Corridor, Mumbai-Bangalore Industrial Corridor, Bangalore-Chennai Industrial Corridor and the Amritsar-Kolkata Industrial Corridor.

Natchiappan also highlighted the National Manufacturing Zones that are being set up by the Indian government and invited businesses from Bahrain to invest in these zones.

Addressing the forum meeting, Bahrain's Commerce and Industry Minister Hassan A Fakhro said Indian companies must capitalise on the strong people-to-people contacts and enhance investments in Bahrain.

Indians have a strong presence in Bahrain. The number of Indian expatriates in Bahrain is estimated at around 350,000, which is one third of Bahrain's population of 1.2 million.

India-Bahrain bilateral trade stood at $2.15 billion in 2012-13. It included $825.3 million worth of oil India imported from Bahrain.

Fakhro said around 2,200 Indian companies have set up operations in Bahrain and the number is expected to grow rapidly in the coming years.

Urging Indian entrepreneurs to enhance investments, Fakhro said Bahrain is undertaking reforms to further improve the business climate in the country.

"With these reforms, Bahrain could become an ideal location for Indian business to service the Middle East and North Africa (MENA) region," he said.

During the forum summit meeting eight Memorandum of Understanding (MoU) were singed between companies and institutions of India and Bahrain.

It include MoUs between Bahrain Economic Development Board and the Confederation of Indian Industry (CII); Khaled-Al-Amin and Company and Dr. B R Shetty and Company; VKL Holding Company and Ansal Buildwell Ltd; Bader Group of Companies and Prime Media Group; Bahrain Business Women's Society and Business Professional Women in India: Nader & Ebrahim s/o Hassan Company and Sanghar Exports; National Cement Company and Liberty Group and Haji Hassan Group and Ashtech India Private Limited.

Source: Indo-Asian News Service

Indian govt approves eight FDI proposals worth Rs 1,024 crore

The government has approved eight foreign investment proposals, including plans by L&T Infrastructure Development Projects and Welspun Renewables Energy, totalling Rs 1,024 crore.

The proposals were cleared following recommendations from the Foreign Investment Promotion Board (FIPB) headed by Economic Affairs Secretary Arvind Mayaram, the Finance Ministry said.

The FIPB referred a proposal by Singapore-based KKR Floorline Investments to the Cabinet Committee on Economic Affairs (CCEA). Although the ministry did not mention an amount in this case, foreign investment proposals exceeding Rs 1,200 crore require the approval of the CCEA.

L&T Infrastructure Development Projects got the go-ahead to allot securities to a wholly owned subsidiary of Singapore-based CCP Investment, entailing a foreign fund inflow of Rs 1,000 crore.

Welspun Renewables Energy received approval to issue equity shares equivalent to a 13.3 per cent stake to Asian Development Bank for Rs 310 crore (USD 50 million) and sell convertible debentures for Rs 220 crore (USD 35 million) to Deutsche Investitions- und Entwicklungsgesellschaft.

Cordlife Sciences India has been allowed to increase foreign equity participation up to 100 per cent and to issue convertible preference shares.

Yes Regulatory Healthcare Service, Rajoo Bausano Extrusion, Eurecat India Catalyst Services and ZF India have been allowed to go ahead with their investment plans.

The KKR Floorline proposal, which has been referred to the CCEA, relates to investments in Gland Pharma and Gland Celsus Bio Chemicals.

The government rejected three investment proposals, including that of Gastaad Hotels, and deferred decisions on four.

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Source: The Financial Express

FIIs pour Rs 11,000 crore into debt market in February

Foreign investors have poured almost Rs. 11,000 crore into the Indian debt market so far this month after being net sellers of bonds in 2013. The inflows followed a net investment of Rs. 12,609 crore in the preceding month.

According to market experts, FII inflows into debt are returning on account of the stability observed in foreign exchange and interest rates.

Foreign institutional investors (FIIs) were gross buyers of debt securities worth Rs. 21,210 crore and sellers of bonds to the tune of Rs. 10,219 crore till February 21, resulting in a net inflow of Rs. 10,991 crore ($1.77 billion), according to data from the Securities and Exchange Board of India.

As of February 21, there were 1,726 registered FIIs in the country and 6,367 sub-accounts.

Source; Press Trust of India

Foreign investors broad buyers of Indian shares: HSBC

Foreign investors have been broad buyers of Indian shares in the October-December quarter, with increases in foreign institutional investments (FIIs) in about 75 percent of the BSE 200 companies, according to a report by HSBC.

That meant almost all sectors saw an increase in FII ownership. Information technology, consumer discretionary and utilities saw the highest net buying by FIIs, HSBC said.

Power Grid Corp of India (PGRD.NS), Tech Mahindra (TEML.NS), UPL (UPLL.NS), Housing Development & Infrastructure (HDIL.NS), Yes Bank (YESB.NS) are the stocks that saw the biggest increase in FII ownership.

The biggest FII selling was in Hexaware Technologies (HEXT.NS), Multi Commodity Exchange of India (MCEI.NS), Strides Arcolab (STAR.NS), Apollo Tyres (APLO.NS) and Unitech.

Source: Reuters

Govt clears GlaxoSmithKline's Rs 6,400 crore FDI proposal

The government cleared Rs 6,400 crore FDI proposal of global healthcare company GlaxoSmithKline to acquire additional 24.33 per cent stake in its India arm.

The Cabinet Committee on Economic Affairs (CCEA) has approved the proposal of GlaxoSmithKline Pte Limited, Singapore for acquisition of 24.33 percent shares in existing Indian subsidiary company of GSK Group.

The said acquisition "would be done by way of a voluntary open offer under SEBI (SAST Regulations) in the pharmaceutical sector," an official statement said.

"The approval would result in foreign investment of approximately Rs 6,390 crore in the country," the statement added.

GlaxoSmithKline Pharmaceuticals is already majority owned and controlled by the GSK Group.

After the purchase, holding of the promoter group firm in the Indian subsidiary will go up to 75 per cent from the current level of 50.67 per cent.

GSK Pharma makes, distributes and trades in a variety of drugs. Its portfolio include prescription medicines and vaccines across areas such as anti-infectives, dermatology, and gynaecology.

The company employs more than 5,000 people and generated more than Rs 2,600 crore turnover during the financial year ended December 31, 2012.

Source: The Times of India

Israel wants India to explore gas, sign trade pact: Envoy

Israel has invited Indian companies to take part in extracting natural gas from its newly-found reserves, with 40 percent of the produced hydrocarbon reserved for exports, even as it wants talks on a free trade pact to fructify soon.

Israeli Ambassador to India Alon Ushpiz said his country will soon emerge as one of the biggest producers of natural gas and is willing to export it to India, which imports around 80 percent of its oil needs mostly from the Persian Gulf countries.

"Our plan is to keep 60 percent of the produce for domestic use, while the remaining 40 percent will be exported," Ushpiz said during an interaction with IANS editors, adding: "India, being one of the largest importers, will be the natural target."

The offshore gas reserves in the Mediterranean Sea, which extends from the coasts of Israel, Lebanon and Syria in the east to Cyprus in the west, is estimated to hold 122 trillion cubic feet of natural gas and 1.7 billion barrels of oil - the biggest discovery in 10 years.

"Our plan is to keep 60 percent of the product for domestic use, while the remaining 40 percent will be exported," said Ushpiz, adding that India, being one of the largest importers, will be the natural target market.

A consortium led by Houston-based Noble Energy is developing the Tamar field in the Mediterranean Sea, located nearly 90 km west of Israel's port city of Haifa. Supply of gas from Tamar started in March 2013 for Israel's domestic use.

Another field named Leviathan in the Mediterranean Sea is also being developed by the Noble Energy-led consortium. The production is expected to start by 2017.

Ushpiz said Israel would be happy to see Indian companies' participation in these gas fields. "Any Indian company is free to participate, private or government-run." But he clarified that the country bars any company that has dealings with Iran.

Besides energy, the ambassador said, Israel is keen to enhance cooperation with India in other sectors like information technology, defence, water management and agriculture.

With a view to supporting joint technological ventures, Israel and India recently agreed to set up a $40 million joint fund. Both the countries will contribute $20 million each to the fund over a period of five years.

Ushpiz said Israel is keen to further enhance the corpus of the fund and also encourage private participation in it.

On the ongoing talks for a free trade agreement, Ushpiz said: "It's a very complicated set of negotiations. It has been going on for more than three years now. Unfortunately, so far, we have not been able to conclude the negotiations."

But once the agreement is signed, India-Israel bilateral trade could rise three-fold in three -five years, the ambassador stated at the IANS office.

"The agreement is a strategic game changer to what we can and should do together. The minute we have a free trade agreement, the volume of trade is going to be much bigger. It is going to be larger by two-three fold in three-five years," he said.

Source: Indo-Asian News Service

Government to boost commodity exports to meet target

The government will push commodities exports that can be scaled up quickly to meet the export target for the year that will otherwise fall short second year running. On a cumulative basis, exports touched $257 billion, recording a 5.7% growth against last year between April and January and will need to expand by about 13% in the remaining two months to achieve the targeted $325 billion last year. Finance minister P Chidambaram had, in his interim budget speech, exuded confidence of achieving exports worth $326 billion in 2013-14.

"Achieving the export target for the next two months definitely seems challenging. We are holding meetings with various export promotion councils on how to push shipments in the next few weeks," said a commerce department official, without quoting a likely shortfall figure.

However, sources confirmed that the government has lowered the internal projection to $316 billion for the fiscal, expecting a $9-10 billion shortfall. Commerce secretary Rajeev Kher and DGFT Anup Pujari held a meeting with representatives from exporters' body FIEO, and the export promotion council for engineering, handicrafts, garments, to address the likely shortfall. Pushing commodity exports will be relatively easy as it does not involve manufacturing, which has been struggling for some time.

"We suggested incentives to exporters to bring forward shipments to March, and get incremental export incentives by posting a higher export growth versus the corresponding month last year," said Rafeeque Ahemed, president, FIEO.

The Engineering Exports Promotion Council has asked the commerce department to strongly take up the issue of duty drawbacks with the revenue department to keep the momentum going. Engineering exports posted a 37% growth in January. The council estimates government has held back drawbacks worth Rs 9,000 crore in the run up to the budget, which is affecting the working capital requirements of the exporters. The commerce department has also written to the Gems and Jewellery Export Promotion Council (GJEPC) to list out reasons for the declining shipments and ways to address it.

"We will be meeting the commerce secretary shortly, and the main concern for us is the high duty structure and the 80:20 scheme, which needs to go to help exports," said Vipul Shah, chairman , GJEPC.

Source: The Times of India

Last date for spectrum payment extended to March 3

The department of telecom (DoT) has extended the spectrum payment date to 3 March for companies that won radiowaves in the recently concluded auction.

The date has been extended from 27 February to 3 March, the DoT said in a notice.

The spectrum auction held in February attracted bids worth Rs61,162 crore from seven participants—Vodafone, Bharti Airtel Ltd., Idea Cellular Ltd., Reliance Jio Infocomm, Telewings (Uninor), Reliance Communications Ltd. and Aircel.

If the payment is not received by the last date, the EMD (earnest money deposit) made by companies will be forfeited. The successful companies have to pay a cumulative amount of at least Rs18,529 crore if they opt to pay the amount in installments, according to the notice.

The government had initially expected Rs11,300 crore of revenue from the auction this financial year.

Winners of 1,800 MHz band spectrum have to make an upfront payment of 33% and can pay the rest in 10 yearly installments after a two-year moratorium. In the premium 900 MHz band spectrum, the winners can pay 25% of the final price upfront and the remainder in yearly installments.

Vodafone, the biggest winner of spectrum during the 10-day auction that started on 3 February, has the option to make an upfront payment of Rs5,581.8 crore. The company won 900 MHz spectrum in the three metros of Delhi, Mumbai and Kolkata for Rs11,261.2 crore and 1,800 MHz spectrum in 11 service areas for Rs8,383.52 crore. Airtel followed Vodafone with Rs18,529.64 crore of bids. It won 900 MHz band frequencies in the three metros for Rs8,623 crore and 1,800 MHz band spectrum in 15 out of 22 service areas for Rs9,906.02 crore.

New entrant Reliance Jio made bids worth Rs11,054.41 crore for the 1,800 MHz band in 14 service areas. Idea Cellular made bids worth Rs3,704.8 crore for the 900 MHz band in Delhi and acquired 1,800 MHz band spectrum in 11 service areas, for which it has to pay Rs7,010.83 crore. Telewings Communication Services and Aircel bought 1,800 MHz band spectrum in five service areas for Rs877.72 crore and Rs209.9 crore, respectively.

Reliance Communications purchased airwaves in the same band in Mumbai for Rs163.2 crore.

Press Trust of india

India, Nepal review rail projects

Indian and Nepalese officials met in Kathmandu earlier this week to review the progress and discuss the pending issues for the construction of two railway projects, a statement issued by the Indian embassy said.

"A coordination meeting was held Feb 18 in Kathmandu, in the presence of secretary, physical infrastructure and transport ministry, other officials of the Nepal government, representatives of the Indian embassy and Ircon International Ltd, to review the progress and discuss the pending issues for the construction of two rail line projects - Jogbani-Biratnagar and Jaynagar-Bijalpura-Bardibas," the embassy said.

"The meeting was fruitful and positive. It was informed that 68 percent of the work has been completed on the Indian side (Jogbani) and 20 percent of work has been completed on the Nepalese side (Biratnagar).

"On the Jayanagar-Bijalpura-Bardibas rail link, preparatory works like earthwork, station building, staff quarters and bridge construction are in progress," it added.

The statement said the Nepal government has "assured that the required land for the project, free from all encumbrances, will be acquired and handed over to Ircon at the earliest to expedite the work in both sectors".

Both sides agreed to provide all necessary support to expedite implementation of these important projects.

Source: Indo-Asian News Service

Govt receives 32 applications from companies for 4 coal mines

The coal ministry has received 32 applications from companies like National Mineral Development Corporation (NMDC) and Rashtriya Ispat Nigam Ltd (RINL) in response to the notice inviting applications for allocation of four coal blocks on tariff-based bidding.

"A total number of 32 applications from 10 state government companies as well as central public sector undertakings (CPSUs) have been received," said a coal ministry note on the discussions of the committee meeting held earlier this month.

The ministry had recently formed a technical panel to examine the applications for the coal blocks to be allotted to power producers through tariff-based bidding.

The ministry further said that with "regard to applications received from NMDC, RINL...the committee observed that prima facie these companies require coal for captive purposes and it needs to be ensured whether they are entitled for distribution of power".

"Central electricity authority/ministry of power were requested to ensure the same while offering their comments," the ministry said.

The government had said in December that it has identified four coal blocks to be allocated to power producers on tariff-based bidding and invited applications for it.

"Four coal blocks have been identified for allocation to power projects on the basis of competitive bids for tariff and applications for the same were invited on 20 December," according to a coal ministry statement.

Source: Press Trust of India

India, Russia to set up more Kudankulam units, new N-plants

India and Russia are committed to set up more units at the Kudankulam Nuclear Power Project (KNPP) in Tamil Nadu, as well as elsewhere in the country, the government said in New Delhi on February 19.

"Both the sides (India, Russia) have reaffirmed their commitment to the agreement concluded on December 5, 2008, on cooperation in the construction of additional nuclear power units at the Kudankulam site, as well as in the construction of Russian-designed nuclear power plants at new sites in India," Minister of State in the Prime Minister's Office V. Narayanasamy told parliament in a written reply.

Plant operator Nuclear Power Corporation of India Ltd. (NPCIL) has said the commercial operation of the first 1,000 MW unit at KNPP will take place in April.

The company on its website also said the commercial operation of the second 1,000 MW unit is expected to happen in December 2014. The unit has achieved a physical progress of 96.74 percent.

Denis Kolchinskiy, chief project engineer of SPbAEP, the developers of KNPP, told IANS recently that the plant is fitted with "active" and "passive" safety mechanisms to provide two layers of protection, and has unique features like a "molten-core catcher" that make for a foolproof safety system.

Source: Indo-Asian News Service

Record harvest in sight: Area under winter crops up 5.6%

Area under winter crops has risen by 5.6% till February 21 on higher planting of wheat, oilseeds and pulses, boosting expectations of a record harvest in the current crop year through June as forecast by the agriculture ministry.

Winter crop coverage has risen to 66.30 million hectares compared to 62.76 million hectares last year , according to the ministry data. Wheat planting has risen by 5.7% to 31.53 million hectares, while pulses sowing has risen by 6.1% to 16.19 million hectares. The sowing of oilseeds has gone up by 3.4% to 9.07 million hectares. However, coarse cereal sowing has trailed last year's level marginally at 6.09 million hectares.

Winter planting usually starts around mid-September and is mostly over by January, although sowing data keeps getting revised even in February in sync with the latest inputs from states.

Last week, agriculture ministry data revealed the country was heading for a record grain harvest of 263.20 million tonnes in 2013-14, helped by "encouraging" sowing data. India produced record 259.29 million tonnes of grains in 2011-12, although the output level dropped to 255.36 million tonnes last crop year due to rough weather.

Wheat output is estimated at a record 95.60 million tonnes in 2013-14, compared to 93.51 million tonnes a year before. Recent drizzle in parts of northern India has helped some crops.

Although food inflation has been triggered most by vegetables in recent months, a bumper harvest of grains could, at least, prevent the already elevated level of food prices from a still higher spiral. Wholesale price inflation dropped to an eight month low of 5.05% in January after vegetable prices eased. India imports around half of its annual requirement of cooking oils and one-fifth of pulse needs.

Any fall in oilseed and pulse production potentially drives up domestic prices, especially in times of weak rupee. A good harvest would also help the economy, which is more dependent on a pick-up in the farm sector this fiscal, especially in view of weak performances by industrial and service sectors.

Source: The Financial Express

Rich nations must think about emerging nations while framing policy: Rajan

Asserting that India is well placed to weather financial crisis, RBI Governor Raghuram Rajan on February 23 said the central banks of developed nations must also keep in mind emerging nations while framing monetary policies.

"I don't think we can proceed forward saying everybody is in their own boat and they sink or swim alone," he said in reference to the need for advanced nations, like the U.S., to take heed of countries vulnerable to the stimulus withdrawal.

In his interview to 'The Australian Financial Review', Mr. Rajan said while India was well placed to weather the upheaval, advanced nations must recognise the impact of their monetary policy decisions on other economies and "be prepared to act if things get out of kilter".

At the conclusion of their two-day meet, G20 said their finance ministers and central bank governors recognised that monetary policy needs to remain accommodative in many advanced economies and should normalise in due course.

India and other emerging economies have been asking the U.S., which has started gradual withdrawal of its fiscal stimulus, to be more predictable in monetary policy. The U.S. Federal tapering has caused flight of capital out of emerging economies and in turn hammering their currencies.

The U.S. Federal Reserve has reduced its monthly bond purchases by $ 20 billion to $65 billion on signs of an improving U.S. economy.

The reduction in stimulus, known as tapering, may affect capital flows to emerging markets and impact their currencies.

The Fed first talked about tapering in May 2013, sending markets the world over into turmoil and rupee to a record low.

Union Finance Minister P. Chidambaram said "...when countries withdraw from quantitative easing they should keep in mind the spillovers on the developing countries".

The G20 communiqu said "All our central banks maintain their commitment that monetary policy settings will continue to be carefully calibrated and clearly communicated, in the context of ongoing exchange of information and being mindful of impacts on the global economy," the G20 communiqu said.

Source: Press Trust of India

Interim budget will boost demand: Industry

The interim budget presented by Finance Minister P. Chidambaram is expected to provide some relief in a situation where overall demand continues to remain subdued, the Confederation of Indian Industry (CII) has said.

"However, rising cost of credit is a top concern for Indian industry," CII said in a statement after a poll of CEOs conducted at its National Council meeting, after presentation of the interim budget last week.

An overwhelming 74 percent of the respondents said the interim budget would help increase overall demand moderately in the next six months, while 21 percent believed that budget announcements would not lead to any change.

Thirty-eight percent of CEOs listed high interest costs as their major concern going forward.

Commenting on the survey results, CII director general Chandrajit Banerjee said: "The increase in demand expected from announcements of the interim budget would ensure that growth recovery is not compromised during the transition period of the government."

"Without sacrificing the objective of fiscal consolidation, the finance minister's attempt to provide a fillip to manufacturing sector by altering excise duties in a few critical sectors is commendable," he added.

A majority of the respondents expected their gross sales, exports, capacity utilization and net profit to improve moderately in the fourth quarter of the current fiscal from the previous quarter, the statement said.

While 57 percent of the respondents expected no change towards increase of credit demand, 42 percent said they foresee investment revival only from the third quarter of next fiscal.

Political uncertainty did not emerge as the topmost concern of the CEOs, in contrast to the results of the previous such poll when it was ranked as the highest source of worry for industry.

Source: Indo-Asian News Service

IMF projects 5.4% growth for India in 2014-15

Projecting a growth rate of 4.6 per cent this year, the IMF said the Indian economy is likely to expand by 5.4 per cent on stronger global scenario, improving export competitiveness, a favorable monsoon and a confidence boost after recent policy actions.

The multilateral agency also sees inflation, driven by food prices, remaining near double digits in 2014-15. It also said tight monetary policy is likely to slow growth recovery.

"Growth is projected at 4.6 per cent for fiscal year 2013-14, and should pick up to 5.4 per cent in 2014-15 (at factor cost)," the International Monetary Fund (IMF) said in its report after concluding annual discussions with India.

Stronger global growth, improving export competitiveness, a favorable monsoon and a confidence boost from recent policy actions should deliver a modest growth rebound, it added.

"However, fiscal restraint and a tighter monetary stance will act as headwinds, slowing the recovery," IMF said.

Finance minister P Chidambaram in his interim budget on February 17 had said economy was picking up and 6 per cent growth was doable in the 2014-15.

Stressing that the economy is more stable now than what it was two years ago, he had said :"Efforts must be to ensure that this upturn remains an upturn ...towards our goal of 6 per cent in 2014-15. It's doable."

The IMF said consumer prices based inflation is expected to remain near double-digits well into next year, driven by high food inflation that feeds into wages and core inflation.

Well-entrenched inflation expectations, a weaker rupee and ongoing energy price increases are other factors that could push up the consumer price index (CPI), IMF said.

Retail inflation, as measured by consumer price index, fell to 24-month low of 8.79 per cent in January mainly due to a drop in food prices.

The Reserve Bank factors both, retail and wholesale price based, inflation data in its monetary policy. Recently, an RBI appointed committee has suggested the central bank should focus on CPI inflation and aim to bring it down to 8 per cent by year, and to 6 per cent by 2016.

Source: Press Trust of Indi

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