

Weekly Economic Newsletter
30th November to 6th December 2009

**Summarized by:
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Highlights

- **GDP at 7.9 percent beats market expectation**
- **Agriculture growth shrinks to 0.9 percent in Q2**
- **Food inflation surges to 17.47 percent**
- **India to return to 8-9 percent growth in 1-2 year: World Bank**
- **Forex reserves rises to \$287 billion**
- **Sensex back to 17k on strong GDP growth**
- **India offers to cut carbon emissions intensity 20-25 percent by 2020**
- **Prime Minister to attend Copenhagen Climate Change summit**
- **PM visit to Russia**

GDP at 7.9 percent beats market expectation

India's gross domestic production (GDP) grew 7.9 percent in July-September quarter of the fiscal year 2009-10, up from 6.1 percent the previous quarter, beating expectations and fuelling speculation that the government might look at exiting stimulus measures. The overall economic activities have picked up in the country which is now justified by the strong GDP growth figures. Strong growth in the industry and services sectors was the main driving factor for this healthy number. The manufacturing sector grew by 9.2 percent while the services sector posted a growth of 12.7 percent for the second quarter.

- The Economic Times, December 1 2009

Agriculture growth shrinks to 0.9 percent in Q2

Agriculture growth in second quarter (July-September) of this fiscal year shrunk to around 0.9 percent from around 2.7 percent during the same period last year, despite partial impact of drought and floods during summer season giving a fair indication of things to come in coming two quarters. The government estimates that summer rice production could fall by almost 18 percent, while production of coarse cereal output is likely to fall by 19.7 percent because of the combined impact of drought in almost of the country and floods in key paddy growing states.

- Financial Express, December 1 2009

Food inflation surges to 17.47 percent

Food inflation surged to 17.47 percent in the third week of November, fuelled by expensive vegetables and other essentials, prompting experts to ask the RBI (Reserve Bank of India) to tighten its monetary stance. Food inflation stood at 15.58 percent a week ago. On a weekly basis, onion prices rose 12 percent, while it surged 30.89 percent on a yearly basis. Pulses were up 37 percent, while rice, wheat fruits and milk were 10 percent costlier year-on-year.

- Mint, December 4 2009

India to return to 8-9 percent growth in 1-2 year: World Bank

India could return to a higher growth trajectory of 8-9 percent in two years, but it needs to invest more in infrastructure for sustaining such growth, World Bank President Robert Zoellick has said. He said that India has emerged from the economic crisis with a clear vision of what it will take to accelerate back to earlier growth rates and beyond. India's GDP slipped to 6.7 percent in 2008-09, after three years of over 9 percent growth, in the aftermath of the global crisis.

- The Economic Times, December 5 2009

Forex reserves rises to \$287 billion

The country's foreign exchange reserves increased by \$1.38 billion, to \$286.7 billion, in the week ended November 27, the Reserve Bank of India (RBI) said in its weekly statistical supplement, released on Friday.

- Financial Express, December 5 2009

Sensex back to 17k on strong GDP growth

Indian market closed higher by nearly 3 percent to 17,000 this week, strong than expected GDP growth boosted investors sentiments. After a two percent downward correction on the news of Dubai debt crisis, the Bombay stock exchange's Sensex surged by 470 points, or 2.82 percent in the week to December 5 on the back of strong 7.9 growth in GDP in the second quarter of this fiscal.

- The Economic Times, December 6 2009

India offers to cut carbon emissions intensity 20-25 percent by 2020

India on November 3, just before the Copenhagen Summit, announced 20-25 percent carbon emission intensity cuts on the 2005 levels by 2020. This would be done through a series of measures including mandatory fuel efficiency standards for all vehicles, a compulsory green building code and switching over to clean coal technology. Minister of State for Environment and Forests Jairam Ramesh said if nations arrived at a "comprehensive and equitable agreement," India would be willing to do more but only through voluntary measures.

- The Economic Times, December 4 2009

Prime Minister to attend Copenhagen Climate Change summit

Putting an end to speculations, the Prime Minister's Office announced that Prime Minister Manmohan Singh will attend the Copenhagen climate change summit on December 17 and 18. The announcement came barely 24 hours after US president Obama said that he would be at the summit on December 18. Over the past week speculation was rife that Mr Singh would not attend the summit and finance minister Pranab Mukherjee would head the Indian delegation.

- The Economic Times, December 6 2009

PM visit to Russia

Prime Minister Manmohan Singh will undertake a three-day official visit to Moscow from December 6-8 to attend the annual bilateral Indo-Russian summit. Dr. Singh is visiting Russia at the invitation of Russian President Dmitry Medvedev. During his visit, the Prime Minister will hold talks with President Medvedev and Prime Minister Putin, in addition to having several other engagements.

- The Hindu, December 5 2009

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