



Economic Updates

NEWS ALERT

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- Foreigners' investment in Indian equities is could reach record levels this year, as global investors borrow cheap in developed nations and invest in high-yielding assets of emerging markets such as India which may push policymakers to consider measures to contain the inflows, although reluctantly. Overseas funds have so far bought Indian stocks worth about \$15 billion, according to data compiled by SEBI. They were lured by the economic growth opportunities here, even as the US and Europe struggle to come out of the worst recession since the Great Depression.
- India will be a \$2-trillion economy in the next five years as its GDP growth is likely to average at 12 per cent in nominal terms powered by a huge consumption demand, Enam Securities has said. This growth will be led by the huge consumption demand in sectors like FMCG, power, auto (small car hub), IT and pharma, it added. The brokerage firm said insurance companies, financial services and equity markets will flourish as the country's annual savings pool grows to \$700 billion from \$400 billion at present.
- The economic growth forecast has been slashed to 6 per cent from 6.5 per cent for the current fiscal, according to a RBI survey among professional forecasters. As per the survey, forecast for agriculture has been lowered to (-)1.4 per cent from 2.5 per cent. For industry, it has been raised to 6.3 per cent from 4.8 per cent, and for services, it has been cut to 8.1 per cent from 8.3 per cent. Fiscal deficit forecast of the central government has been jacked up to 7 per cent of GDP from the earlier view of 6.8 per cent, which remains the government's view for 2009-10. The forecasters fear higher inflation of 4 per cent and 6.8 per cent in the third and fourth quarters, respectively, from their earlier view of 2.5 and 5.4 per cent.

HONDA MAY ROLL OUT SMALL CAR BEFORE 2011-12

Honda Motor's small car is likely to hit the Indian market earlier than expected. The new car (code named 2CV) being developed especially for India may be launched before 2011-12 to take on Toyota and break Suzuki's stronghold on the Indian market. Toyota plans to launch its small car next year, while Suzuki with its seven compact models dominates the Indian small car segment with over 60% market share. Honda doesn't have a small car in its portfolio and has been looking at new models to gain market share in India.



Buzz Word:

Eating your own dog food



Meaning:

When a company makes it a point to use its own products and services. If it's a consumer product, it would mean employees using it. Ideally, they should buy the product from retailers at full price like ordinary customers.

Provenance:

From the 1980s, when American actor Dorne Greene served as ambassador for Alpo dog food and the popular TV commercials stressed that he himself fed Alpo to his dogs. Microsoft gave a boost to the term in 1988, when manager Paul Maritz sent out an email titled "eating our own dog food," challenging product developers to increase internal usage of their products. From there, the usage of the term spread through Microsoft, as chronicled in the book Inside Out: Microsoft, In Our Own Words.

Not to be confused with:

Dog eat dog, a gory term for ruthlessly competitive markets.

Used by:

Software companies, where it refers to using products under development, which may crash, lose data or contain bugs.