

Weekly Economic Bulletin

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News Feature

World respects 'Made in India' tag

Call it globalisation. Or saturation of developed markets. Or competition. Or the new-found respect the 'Made in India' tag has gained across global markets. Whether it's

one or all of the above, Indian corporates are riding high on confidence and raising the bar for growth, doing away with once-restrictive geographical boundaries

Developing and emerging markets are the buzzword in India's corporate corridors and several companies are studying demand trends, identifying consumers and innovating products accordingly — setting the pace for growth. Brazil, Pakistan, Nepal, Egypt, Nigeria, Sudan, Iran, Iraq, Bangladesh. South America, Russia, China and South Africa top the list of countries tapped by most companies. Dabur, Marico, P&G, Tata Motors, Mahindra & Mahindra, ONGC, IOC and a host of other companies are eyeing new consumers in these markets.

While India's the hottest consumption story in the global markets, Indian companies are not letting geographical boundaries limit their vision. They, along with their multinational counterparts — who of course have been around much longer in most D&E markets — are setting up offices and deploying employees across these markets.

<http://economictimes.indiatimes.com/articleshow/1506739.cms>

Overseas Investment

Posco to invest \$200 m this year

South Korean steel major Posco today said it would invest \$200 million this year for its upcoming 12-million-tonne manufacturing plant in India. Moreover, the company was open to allotting preferential equity shares to the workers displaced by the steel plant in the State, if any rehabilitation and resettlement policy being finalised by the Government calls for it.

"We had brought \$50 million capital last year. This year we will be investing \$200 million," said Mr Cho Soung-Sik, Managing Director, Posco India.

<http://www.thehindubusinessline.com/2006/04/27/stories/2006042703290900.htm>

ATI expanding operations in India

The \$2.2-billion communications and graphics chip solutions provider, ATI Technologies Inc, has embarked on an India expansion drive that would see it shifting to a new R&D centre and setting up a Digital TV Lab and an audio/acoustics lab.

The company expects to ramp up its India investment plans from \$50 million (announced last year) to over \$75 million within four years, with an average investment of about \$10 million a year here. Thus far, it has deployed about \$15 million in the Hyderabad development centre.

<http://www.thehindubusinessline.com/2006/04/29/stories/2006042901800400.htm>

Metro AG to expand India ops

German trading major Metro AG — which has two Metro Cash & Carry wholesale outlets in Karnataka — has lined up Euro 300 million investment in India with plans to open new outlets in Hyderabad, Chennai and Kolkata. Metro chief executive Hans-Joachim Korber told FE the new stores may be opened in the next few months to scale up the company's operations in India.

Metro AG's plans to pump in more funds into India comes on the back of an announcement by commerce and industry minister Kamal Nath who said the government planned to liberalise the investment norms in the retail sector in the next 45 days. He was speaking to mediapersons on the opening day of the Hanover fair.

“Our ministry is working out a proposal in this regard (opening the retail further),” he said. At present, India allows up to 51% FDI in single brand retail and has been under pressure from foreign investors to broadbase the investment norms.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=124892

ADB to invest \$264mn in infrastructure

The Asian Development Bank (ADB) will invest \$264 million in the capitals of five northeast Indian states to boost economic growth, reduce poverty and develop urban infrastructure.

This will be part of a \$377.1 million project - in which the central government will contribute \$113.1 million - for Agartala in Tripura, Aizawl in Mizoram, Gangtok in Sikkim, Kohima in Nagaland and Shillong in Meghalaya.

The project aims to develop roads, drainage systems, water supply facilities, sanitation, solid waste management, transportation, landslip protection and slum upgradation. Its implementation will start from early next year and will be commissioned by 2012, Agartala Municipal Council chairman Sankar Das said.

The population of these five cities together is 1.25 million currently and will increase to little over 1.45 million by the time the ambitious project gets commissioned, Das added.

<http://economictimes.indiatimes.com/articleshow/1505068.cms>

Indian Cos keen to invest in Germany

About a dozen Indian companies have expressed keenness to set up units at a chemical and pharmaceutical park in Frankfurt, Germany. Each unit is likely to have an investment of about US\$ 10 to 20 million.

The companies, which belong to sectors like agro-chemicals, biotechnology and specialty chemicals, are holding discussions with Infracorv Hochest — the German company that manages the chemical park in the country.

Earlier this month, senior executives of Infracorv — Klaus Alberti, vice-president, corporate planning, and Andreas Brockmeyer, executive director, site marketing/management, were in India. They met a host of potential clients and participated in Chemspec Expo 2006 held in Mumbai.

http://financialexpress.com/fe_full_story.php?content_id=125202

Trade News

Strong Indian presence at Hannover Fair

The Hannover Messe or Hannover Fair is all set to kick off on Monday with participation from about 5,200 companies from 70 countries.

The fair will see the participation of companies from various sectors including automotive, energy, engineering services, research and development, subcontracting, digital processes, micro technology and science and technology (satellite technology, innovations).

India is the partner country in Hannover fair is known. But what is probably not known is the fact that the partner country status is obtained "by invitation" from Germany.

"We invite a country to be our partner in the fair based on demands from our exhibitors, country trade figures, growth rate, political and economic environment," said Mr Pech, adding that they get proposals from several countries wanting to be partners.

<http://www.thehindubusinessline.com/2006/04/24/stories/2006042403630200.htm>

4 MoUs signed with Germany

The Prime Minister, Dr Manmohan Singh, and the German Chancellor, Ms Angela Merkel, today witnessed signing of four MoUs between Indian and German companies, including a \$1-billion deal by Kingfisher Airlines with Airbus Industries for acquiring five A 340-500 long-haul aircraft.

The aircraft would be used for non-stop service between India and the US. The fresh deal with Airbus is in addition to aircraft already purchased by Kingfisher Airlines.

The Kingfisher Airlines Chairman and Managing Director, Mr Vijay Mallya, and the Airbus President and CEO, Mr Gustav Humbert, signed the agreement.

<http://www.thehindubusinessline.com/2006/04/25/stories/2006042503580900.htm>

EEPC inks MoU with German engg body

The Engineering Export Promotion Council (EEPC) has signed a memorandum of understanding with the German Engineering Federation (VDMA) for promoting business opportunities between the two countries. While Mr Rakesh Shah, Chairman, EEPC, signed on behalf of the council, Mr Ulrich Ackermann, Head of Foreign Trade, Department of VDMA, signed on behalf of the German trade body.

The two organisations have agreed to establish and develop commercial links between the business communities of both nations, in general, and their respective members in particular, and also within the scope of each organisation's terms of reference.

<http://www.thehindubusinessline.com/2006/04/30/stories/2006043002660700.htm>

Sectoral News

ONGC invites Petrobras to invest in refining ventures

Oil and Natural Gas Corporation has offered stake in its refining ventures to Brazil's state-run oil company Petrobras.

The Chairman and Managing Director of ONGC, Mr Subir Raha, said here on Thursday that ``we have plans for building a few grassroots refineries. We invite Petrobras to take equity in these projects. We feel co-operation with Petrobras will enhance our technical ability, as they have recognised excellence in ethanol technology."

Mr Raha, however, did not comment on which projects would be offered to Petrobras for investment but only said opportunities were available for exploitation.

<http://www.thehindubusinessline.com/2006/04/28/stories/2006042803040300.htm>

S'pore-based group offers access to carbon trading

A consortium of companies led by the Singapore-based Asia Carbon is offering Indian companies access to carbon trading through projects that enable reduction in emission of greenhouse gases.

Addressing a seminar on a consortium approach to clean development mechanism and carbon trading, Mr Kesava Shotam, Group Managing Director, Asia Carbon Exchange Pte Ltd, said that the group has set up Asia Carbon Emission Management India Ltd to offer its services in India.

<http://www.thehindubusinessline.com/2006/04/30/stories/2006043002830400.htm>

Germans eye Indian power sector

German power companies have shown desire to participate in India's power sector. During their meeting with the Indian delegation led by Prime Minister at the Hannover fair, these companies have expressed to associate with the development of seven mega power projects with 4,000 MW each generation capacity, 50,000 MW capacity addition in hydro sector, supply of super critical technology and in the field of energy efficiency.

Power secretary RV Shahi, heading the India Energy Forum, told FE on Monday from Hannover, "Companies like ABB, Siemens and Voith were briefed about various initiatives in the Indian power sector. They have shown interest in their participation in India. We have explained the present status and future plans. We hope the tie-up between Indian and German companies will set a new trend." Mr Shahi was speaking to this correspondent after Prime Minister Manmohan Singh and German Chancellor Angela Merkel visited the India Power pavillion at the fair.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=124855

Subex buys UK co for \$140 m

Telecom software products company, Subex Systems has acquired UK-based Azure Solutions for a consideration of \$140 million.

The merged entity, Subex Azure, will become the world's leading vendor of Telecom Revenue Assurance Systems, Subex founder chairman and CEO Subash Menon told the media here on Tuesday. The deal was termed by the Nasscom as the 'largest overseas acquisition by an Indian IT company'.

The merged entity expects to have a client pool including 23 of the world's largest 40 telecom companies and a customer base of over 150 installations in more than 60 countries.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=125003

TVS to set up plant in Columbia

Chennai-based two wheeler major TVS Motor Co on Friday said it would set up a motorcycle assembly plant in Columbia through a joint venture company with a local partner.

"We plan to enter into a joint venture with a Columbian partner for setting up an asembly plant in that country," a company official said from Chennai.

He, however, declined to comment on the investments planned as "TVS would be a minority partner" in the JV.

"The details are being worked at the moment," he added when asked about the capacity of the plant and the motorcycle model that are proposed to be assembled in the new plant.

<http://economictimes.indiatimes.com/articleshow/1509402.cms>

News Round – Up

AT Kearney ranks India as top destination for retailers

India has emerged as the most attractive destination for mass merchant and food retailers, outperforming China for the second year in a row, according to global consulting firm A T Kearney.

A T Kearney's Global Retail Development Index (GRDI), which ranks 30 emerging countries based on a set of 25 variables including economic and political risk, retail market attractiveness and retail saturation levels, has retained India's position at the top.

"The Indian retail market is gradually but surely opening up, while China's market becomes increasingly saturated," said Mr Fadi Farra, a Principal in A T Kearney's Consumer Industries and Retail Practice and leader of the Global Retail Development Index study.

The report said that the Indian Government had been tentative in its moves to open up the retail sector to Foreign Direct Investment (FDI). On the permission to allow FDI up to 51 per cent in single-brand retail, the report said: "This has triggered market-entry announcements from some retailers and has signalled to international retailers that India is serious about opening up the sector."

<http://www.thehindubusinessline.com/2006/04/28/stories/2006042803971200.htm>

India Inc on a roll, puts up a good year

The stockmarkets are on a roll and India Inc has turned out pretty good numbers for the year ended March 31, 2006. TCS has clocked a healthy 48.3% growth in its net profit. The sales of the company also increased by 39.7% to Rs 11,215 crore in FY06 .

Among the other performers responsible for boosting the overall profits growth rate of the early birds were UTI Bank, Kirloskar Brothers, Hindustan Copper, Varun Shipping, Sutlej Industries, Godavari Fertilisers and Goodlass Nerolac.

The net profit of UTI Bank increased by 44.9% to Rs 485.08 crore in FY06 (Rs 334.58 crore).The main income of the bank also increased by 50.1% during the year.On the

other hand, the net profit of Kirloskar Brothers increased by 226.46% to Rs 163.10 crore (Rs 49.96 crore) in FY06. The company's sales increased by 26.1% to Rs 924.63 crore.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=124741

CRISIL Study : Manufacturing puts up a good show

The industrial output grew at an impressive rate of 8.8% during February 2006 over a much lower growth of 5.9% during February 2005. It is also an improvement over 7.9% y-o-y growth during January 2006, with the manufacturing sector, growing at 9.5%, as the key driver. The consistent growth in the manufacturing sector shows that the slight dip in the months of November and December was just a temporary phase. Among the other two sectors, electricity also bounced back growing at 9% y-o-y though it was primarily due to low base. Mining continued with its lacklustre performance.

Consequently, the overall growth during FY06 (till February) recorded 8%, over a slightly higher 8.2% during the corresponding period of last year. Both manufacturing and electricity were consistent with their last year's performance. Within manufacturing, capital goods segment, growing at 16.4%, was the most buoyant. This was followed by consumer goods, which posted a growth of 11.7%. This highlights that Indian economic growth has become more balanced and more sustainable - consumption-led growth is being balanced by a strong contribution from investment-led sources of growth.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=125415