

Weekly Economic Bulletin

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News Feature

Global leaders recognise Indian tech talent

In recognition of the rich pool of technically qualified personnel, global firms like Honda Motor Company, General Motors, General Electric and Bosch are setting up research and development centres in India, general manager of Rane Madras, K R Ramesh said in Mysore on Monday.

The Indian industry has moved from being a labour-intensive economy to a knowledge centered economy and the top global companies are recognising this, he said while inaugurating a national-level technical paper presentation contest, 'Cogniescience-2006', at the National Institute of Engineering (NIE) here.

However, to build on this advantage, Indian engineers have to come out with technological innovations to get to the position of global leaders, Ramesh said and welcomed events like Cogniescience. Such programmes assume a lot of importance to promote and nurture innovative minds.

http://businessstandard.com/common/storypage_c.php?leftnm=10&autono=92649

Overseas Investment

Chinese delegation woos Indian investors

The total trade volume between India and China is expected to exceed \$50 billion in 2010, according to Wenbang Fang, vice-chairman (administrative committee), Suzhou Industrial Park.

Fang was representing a delegation that was here today to woo Indian IT companies to look at Suzhou for further investments.

Addressing a seminar organised by the Confederation of Indian Industry (CII) in this regard, Fang said, "Although India and China are different in political systems and economic growth mode, we have an extensive common ground to cooperate on the basis of mutual benefit. The trade volume between the two countries is increasing annually at the rate of 30 per cent." In 2005, the bilateral trade was estimated to be \$14 billion. The Suzhou Industrial Park (SIP) is the largest cooperative project between the governments of China and Singapore. So far, more than 50 Fortune 500

companies such as Samsung Semiconductor and Bosch have set up their presence in the park.

http://businessstandard.com/common/storypage_c.php?leftnm=10&autono=92516

French regions keen on investing in South

The General Confederation of Small and Medium Sized Companies (CGPME) from Lyon and the Rhone Alpes region of France will be opening a branch office in Chennai to promote trade and business co-operation between Lyon and the Rhone Alpes regions and South India.

Rhone Alpes region is the second largest economic zone in France and is ranked 8th in Europe in terms of economic weight. Its GDP was 52 billion euros in 2005 and is headquarters of several pharma majors.

CGPME, an employers confederation with a membership of 1.5 million heads of small and medium sized French companies, has found a partner in the city to open the office, which is expected to be operational by September.

A French delegation lead by Francois Turcas, president of CGPME (Rhone Alpes), is on a visit to Chennai during May 22-26, to prepare the groundwork to establish a long-term relationship between Lyon and the Rhone Alpes region and southern India

http://businessstandard.com/common/storypage_c.php?leftnm=10&autono=92337

Goldman plans \$1-bn proprietary India fund

There may be mayhem in the markets, but that does not seem to deter US financial services giant Goldman Sachs. It is learnt that Goldman is launching a \$1-bn India-dedicated proprietary fund next month.

The fund will essentially concentrate on real estate, private equity across sectors and dabble in derivatives as well. Goldman has a very strong proprietary desk, globally, which entails investments of funds from the firm's balance sheet.

The proposed \$1-bn investment comes close on the heels of Goldman's separation from Kotak Mahindra and signals its commitment to India.

According to financial sector experts, Goldman picks and chooses countries and sectors it invests in with care as the entire money for the proprietary book comes from its own funds. This is in addition to the \$100-m strategic investment in Pantaloon retail's private equity arm Indivision.

It has chalked up aggressive plans including forays into I-banking, broking, real estate, private equity and asset management. Meanwhile in '05, Goldman Sachs along with Merrill Lynch invested in Intellivisions and Rajesh Exports as well.

India has been a great favourite of foreign funds as private equity players have already pumped in \$2.3-bn in the first quarter of '06. A proprietary fund is managed and funded by the same investor while a private equity fund funded by external investors and managed on their behalf.

<http://economictimes.indiatimes.com/articleshow/1550026.cms>

Surge in FDI from Taiwan, Korea, Japan likely

Outlining the Government's new approach to FDI policy, to be anchored on simplified procedures aided by e-governance and a favourable regulatory environment, Mr Ajay Dua, Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce, said here on Saturday that the next surge in FDI, especially by way of equity, was expected from Taiwan, South Korea and Japan.

He said preparatory work by C-DAC had already started on a new e-Biz project (being executed by the industry ministry), for an online one-window approval system, and was expected to be completed by March 2007. Being taken up on a pilot basis, it will involve the four State Governments of Maharashtra, Uttar Pradesh, Haryana and Andhra Pradesh.

<http://www.thehindubusinessline.com/2006/05/28/stories/2006052802100300.htm>

Trade News

India, Taiwan to forge ties on chip making

Taiwan's chief scientific advisor is visiting India in early June to discuss details on how best the two counties can leverage their mutual strengths and the Indian Semiconductor Association (ISA) is working towards forging a strong partnership with the Taiwanese semiconductor industry.

S Janakiraman, vice-chairperson, ISA outlining the initiatives said: "Taiwan is pretty strong in the semiconductor design and manufacturing. India has strength in semiconductor design and software. These inherent strengths have to be tapped to broaden the scope of this industry. This is the kind of pacts which we are working on at ISA," he added.

“Increasingly, semiconductor design is driven by value-adds on to a device and software is the differentiator for this. Innovation is the key for this and ISA is taking up the initiative in this regard in a big way,” Janakiraman noted.

The consumer electronics market is exploding in India and so is the kind of content that has to be served to the audience, which will give rise to demand in set-top boxes and a host of devices.

http://businessstandard.com/common/storypage_c.php?leftnm=10&autono=92647

Xinjiang region of China seeks joint ventures in Bengal

The Xinjiang Uygur Autonomous region of China (located in the south-west) is seeking joint venture opportunities in areas such as food-processing, garments manufacture and traditional handicrafts in West Bengal.

Speaking at an interactive session on 'Economic cooperation between West Bengal and Xinjiang Uygur autonomous region of China,' organised by the Bengal National Chamber of Commerce & Industry (BNCCI) here on Wednesday, Mr Sun Zhenxiao, Vice-President of the Xinjiang Foreign Trade and Economic Cooperation Bureau, said language was no longer a barrier for further developing trade ties between the two countries.

Mr Zhenxiao is leading a large trade delegation of the Xinjiang Foreign Trade and Economic Cooperation Bureau of China to India, essentially scouting for business opportunities.

<http://www.thehindubusinessline.com/2006/05/25/stories/2006052502831200.htm>

India, EU seek to enlarge bilateral trade

To boost bilateral trade between the India and the European Union (EU), a 13.35 million Trade and Investment Development Programme (TIDP) was launched on May 25.

The programme was launched at a workshop organised by Overall Technical Assistance Team of the EU, in co-operation with the Confederation of the Food Trade and Industry of the Federation of Indian Chambers of Commerce and Industry.

Speaking at the launch of the programme, Mr Etienne Claeys, Head of Operations, EU delegation in New Delhi, said that while India's exports and imports to the EU stood at 22 per cent and 17 per cent respectively, it accounted for a mere 1.5 per cent of EU's global trade.

"These figures present great opportunity for both the EU and India to increase trade and investment *either way*," he added.

<http://www.thehindubusinessline.com/2006/05/27/stories/2006052703940900.htm>

Sectoral News

Shreyas Shipping eyes services to Dubai, Singapore

The Mumbai-based coastal shipping line Shreyas Shipping & Logistics is planning to start services to Dubai, Singapore, Bangladesh and Burma, after launching service to Pakistan.

Shreyas Shipping had earlier secured an exclusive contract from Reliance Industries for movement of approximately 60,000 mt per annum of polymer from India to Karachi. At present, the company has services to Colombo.

Chairman and managing director S Ramakrishnan said: "The company is targeting services to Bangladesh and Burma in its first phase. Later, it will extend it to Dubai and Singapore."

Meanwhile, the company has upgraded its frequency to Karachi by deploying another 550 twenty foot equivalent unit (TEU) container vessel on the route.

Now, there will be a service in every five days covering Nhava Sheva, Kandla and Karachi.

Shreyas will also extend its operations by setting up inland facilities for aggregation, warehousing, transportation, storage, packing, repacking and distribution.

http://businessstandard.com/common/storypage_c.php?leftnm=10&autono=92589

Harting to open Indian operations in Chennai

Harting Technology Group, the Germany-based electrical and electronic technology company that develops customised solutions and products such as connectors for energy and data transmission applications, announced the opening of its India operations here in Chennai on Wednesday. The Indian subsidiary has about 15 personnel manning the operations, and will look to double the headcount by the end of the year.

The company will operate sales offices in Delhi, Mumbai, Pune and Bangalore, and will develop distribution channels additionally.

The India division of the company would be looking to provide interconnect solutions in the field of machinery manufacturing, energy, transportation, telecommunications and factory automation, according to a press release.

Mr Dietmar Harting, Founder, Harting Technology Group, was quoted in the release as saying that Tamil Nadu's excellent communication and transport facilities, infrastructure, peaceful investment climate and availability of skilled labour are some of the factors that prompted the choice of location for the subsidiary.

<http://www.thehindubusinessline.com/2006/05/25/stories/2006052502052100.htm>

Max New York Life to invest Rs 400 cr by '08

Leading private insurance company Max New York Life Insurance Co on Thursday said it will infuse Rs 400 crore to its paid up capital in the next two years and expected to break even by 2008.

"Our current paid up capital is Rs 557 crore and we are increasing it by another Rs 400 crore by 2008 to meet business demands," Max New York Life Insurance Co Managing Director and CEO Gary Bennett said.

He said the company expected to touch a total premium income of Rs 1000 crore this year compared to Rs 634 crore last year and also break even by 2008

"We expect the new premium income to be around Rs 650 crore this year as against Rs 427 crore last year," he added.

<http://economictimes.indiatimes.com/articleshow/1572319.cms>

News Round – Up

India to be design hub for Honda Europe

The Honda R&D centre at Gurgaon is being readied to take on a global role in Honda Motorcycles' gameplan. It will serve as its hub for motorcycle design for the European and Asian markets (excluding Japan and Asean), including India. Honda's decision comes at a time when most OEMs go to Europe, particularly Italy, for vehicle design.

The European market is quite similar to the Indian market in terms of design of the vehicles while in southeast Asia 'step-thrus' are more common. So, the Indian unit will soon start designing bikes for Europe," Masahiro Takedagawa, president and CEO of Honda SIEL Cars India, told FE.

He was speaking in his role as operating officer in charge of Honda Motor's southwest Asian operations. his new responsibility will be a leap of faith for Honda R&D India which is currently doing minor design work for both Hero Honda and Honda Motorcycles and Scooters India (HMSI). It worked on the Achiever and Shine motorcycles and the Pleasure scooter.

While India is the largest market for Honda Motorcycles with sales of nearly 3.5 million units between Hero Honda and HMSI, Europe is its smallest.

http://www.financialexpress.com/fe_full_story.php?content_id=128737