

Weekly Economic Bulletin

Septemebr 19-25, 2006.

Issue No. 179

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News Feature

Affluent Indians to grow 12 pc by 2009: Survey

Believe it if you can. There are an estimated 7,11,000 individuals with liquid cash of over \$1,00,000 in India, and the number is expected to increase to 1.1 million, growing annually at 11.6 per cent by 2009.

These individuals have cumulative liquid wealth of \$203 billion, which is expected to rise by 12.2 per cent per year to \$322 billion by 2009, says American Express' White Paper on 'The Changing Lifestyle Expectations of the Affluent In India' that was released on Thursday.

<http://www.thehindubusinessline.com/2006/09/22/stories/2006092204150900.htm>

Overseas Investments

Infosys eyes world markets for a big leap

Infosys, which is dominating the banking software space in India, is bullish on growth in the domestic and global markets in its bid to emerge as a top provider of core banking solutions to banks worldwide.

"We are in talks with some more Indian banks and some Russian banks for implementing Finacle Universal Banking Solution to help them achieve greater process efficiency," said Infosys VP & Business Head-Finacle Merwin Fernandes.

http://www.financialexpress.com/latest_full_story.php?content_id=140726

Nortel to up sourcing from India

Nortel Networks, the US\$ 10.5 billion global networking equipment provider, is in the process of increasing its sourcing from India. The company, with a wide ranging activities in sourcing design and R&D services from India, both from vendors and from its own captive centre, is now looking at India for expanding its manufacturing through original equipment manufacturers (OEMs). Nortel is also scouting for third-party BPO service providers to shift work to India.

<http://www.business-standard.com/iceworld/storypage.php?leftnm=8&subLeft=3&chklogin=N&autono=105534&tab=r>

Hyundai to invest US\$ 700 million in India, double production

Hyundai Motor is set to invest an additional US\$ 700 million into its Indian operations based in Tamil Nadu. The fresh investment will be used for expansion of Hyundai Motor India's (HMIL) passenger car capacity to six lakh units per annum from the present three lakh, as well as in a new engine and transmission unit.

The expansion of HMIL's car capacity as well as the setting up of the new engine and transmission unit, with an annual capacity of three lakh units per annum, is set to attract new vendors. Close to 20 vendors are expected to set up base near Chennai, resulting in an additional investment of over \$200m.

<http://economictimes.indiatimes.com/articleshow/2004093.cms>

ONGC-Sinopec acquires Columbian oil firm

In a first acquisition jointly made, Oil and Natural Corporation (ONGC) in equal partnership with China's Sinopec has acquired Columbian oil firm Omimex de Columbia for \$850 million. According to a statement issued here, ONGC said, "A 50:50 joint venture - comprising a subsidiary of ONGC Videsh Ltd and a subsidiary of Sinopec International Petroleum Exploration and Production Corporation (SIPC) - has acquired Omimex de Colombia Ltd (Omimex), from Texas-based Omimex Resources, Inc."

<http://www.thehindubusinessline.com/2006/09/22/stories/2006092202200200.htm>

HK company to invest US\$ 65 million in Tamil Nadu

Hong Kong-headquartered Growth-Link Overseas Company, a subsidiary of Taiwan-based shoe major Feng Tay Enterprise Co Ltd and a leading OEM supplier to Nike, will invest US\$ 65 million in Tamil Nadu.

The company is planning to set up a special economic zone (SEZ) and a manufacturing facility for footwears in the state.

The company signed a memorandum of understanding (MoU) with the state government today to create an SEZ on a 300 acre land in the SIPCOT Industrial Estate, at Cheyyar, 90 km from Chennai.

The company will also have option to acquire an additional 225 acres in future.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=105268

Trade News

Telecom equipment export jumps

Export of telecom equipment and cables from India increased by 42.86 per cent from Rs 350 crore in 2004-05 to Rs 500 crore in 2005-2006, according to Electronics and Computer Software Export Promotion Council. The overall export growth in electronics hardware was 20.31 per cent at Rs 9,625 crore in 2005-06, compared with Rs 8,000 crore in 2004-2005, according to a release by the council.

<http://www.thehindubusinessline.com/2006/09/25/stories/2006092502440200.htm>

Buoyant trend continues in exports

The country's exports continue to be buoyant with export proceeds crossing the \$10-billion threshold for a single month in August and the overall exports during the first five months of the fiscal clocking a hefty growth of 34.48 per cent in dollar terms.

Provisional data on the country's merchandise exports during August are valued at \$10.38 billion which is 41.14 per cent higher than \$7.35 billion in August 2005.

<http://www.thehindubusinessline.com/2006/09/23/stories/2006092304550900.htm>

Revenue compliance likely to go up with Customs Act amendment

Revenue compliance is likely to go up with the amendment to the Customs Act of 1962. Briefing newsmen on the impact of the amendments, the Chief Commissioner of Customs, Ms Heera Radhakrishnan, said, "The revenues till August this year were Rs 1,889.81 crore." She added that if this trend continued, the department expected to comply with the target of Rs 4,540 crore for this year.

<http://www.thehindubusinessline.com/2006/09/22/stories/2006092203811900.htm>

Direct tax collections continue to be buoyant

The Centre's gross direct tax collections continue to remain buoyant and have registered a 33.53-per-cent increase in April-September 15 this year to Rs 87,831 crore, as compared to gross collection level of Rs 65,725 crore recorded in the same period last year.

Net direct tax collections (provisional) for the period stood at Rs 70,749 crore, reflecting a 37.70-per-cent increase over the net collection level of Rs 51,379 crore recorded in April-September 15, 2005. The income-tax department has given refunds to the tune of Rs 17,082 during April-September 15 (Rs 14,346 crore).

<http://www.thehindubusinessline.com/2006/09/21/stories/2006092104870900.htm>

Sectoral News

'Telecom equipment sector to receive US\$ 1.5 billion FDI in 2 years'

Belated as it is, foreign investment in the telecom equipment manufacturing sector is expected to touch US\$ 1.5 billion over the next two years, by when the already announced plans of global majors start taking shape.

According to a Department of Telecom paper, the sector is already included in the "Strategies and Priorities 2006" and is being monitored by the prime minister.

<http://www.businessstandard.com/common/storypage.php?autono=105295&leftnm=3&subLeft=0&chkFlg=>

Smaller cities may power realty sector growth

Several cities with population of 0.5-1 million will emerge as the most promising market for residential and retail developments in the next 3-5 years, a report by global research and consultancy firm Ernst and Young said.

Pointing out that the trend has already started to some extent, the report said rising property prices in metros, dearth of skilled cost-effective manpower, comparatively high cost of living and high operational costs would drive the technologically sound companies towards Tier-II and Tier-III cities. "We expect huge investments across asset classes in most of the Tier-II and Tier-III cities over the next 2-3 years," it said, adding that the ongoing rapid real estate development in larger cities would continue to happen.

<http://economictimes.indiatimes.com/articleshow/2023423.cms>

Steel majors flock Karnataka with US\$ 6.67 billion plans

The north Karnataka districts of Bellary, Raichur and Koppal have emerged as major centres of high-grade iron ore mining. Consequently, the private sector has finalised a massive US\$ 6.67 billion of investment in the last two years in this region to produce basic steel, alloy steel, billets, pig iron and sponge iron.

<http://www.businessstandard.com/common/storypage.php?autono=259531&leftnm=1&subLeft=0&chkFlg=>

Retail sector becomes hot vertical for IT vendors

Sensing a big market in the emerging retail sector, information technology vendors - both multinationals and domestic firms are seen gearing up to tap the new found opportunity. Billed as a sunrise industry, retail has already attracted the interest of the country's big corporates even as India has emerged as the top destination for global giants.

According to IT vendors, the newer entrants in retail are seen firming up their IT budgets and have already started investing on building their basic IT infrastructure such as data

management centres among others. Players such as Reliance, Bharti, Birlas and Pantaloon are already buying hardware for setting up the IT infrastructure.

<http://www.thehindubusinessline.com/2006/09/21/stories/2006092104320400.htm>

News Roundup

India Inc's capex tops US\$ 24 billion

Reliance, NTPC, Bharti, ONGC, Essar Steel top 5 asset builders in 2005-06.

Evidence that the economy is on a roll is getting stronger. India Inc's capital expenditure touched a new high with manufacturing and services companies spending Rs 1,10,000 crore in 2005-06.

This is 29 per cent (Rs 24,608 crore) higher than the Rs 84,685 crore spent on expansion in 2004-05.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&bKeyFlag=BO&autono=259556&chkFlg=

India is the world's fastest wealth creator

India has emerged as the world's fastest growing wealth creator, thanks to a buoyant stock market and higher earnings. More wealth also means more millionaires, whose number has grown over 15 per cent between 2000 and 2005, keeping pace with China. And the boom is set to continue in the foreseeable future, with predictions that Indians will grow richer at a rate faster than anybody else on the planet over the next few years.

<http://economictimes.indiatimes.com/articleshow/2019156.cms>