

Weekly Economic Bulletin

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News Feature

Foreign investors bet long on India

The India story seems to be selling strong with more and more investors willing to bet long. Foreign direct investment (FDI) in the country is 81 per cent higher than the amount that foreign portfolio investors or FIIs have brought in since January this year.

According to the latest RBI figures, while FDI inflows between January and June amounted to \$3.57bn, net FII inflows during the period was \$1.98bn. Moreover, FDI in the first six months of '06 has been 93% higher than that in the same period a year ago when the country received a total of \$1.85bn as FDI.

<http://economictimes.indiatimes.com/articleshow/2038505.cms>

Overseas Investments

Wipro buys Sweden's Hydrauto for US\$ 31 million

Wipro Infrastructure Engineering (WIN) - formerly Wipro Fluid Power - part of Wipro, announced on Thursday that the company is acquiring Sweden-based Hydrauto Group AB for US\$ 31 million in an all-cash deal. The company, in a communication to the BSE and the NSE, said the acquisition is expected to be completed by Q3 of FY '06-07, subject to customary closing conditions and regulatory approvals.

“This acquisition gives WIN a unique Asia-Europe footprint, a customer base built over the past few decades and deep complementary engineering skills. Being together will have a multiplier effect on competitiveness,” WIN MD Anurag Behar said.

<http://economictimes.indiatimes.com/articleshow/2038351.cms>

Lightspeed Venture to invest in Indian firms

Lightspeed Venture Partners, a US-based early-stage venture capital firm, is eyeing Indian firms for the purpose of investment. Lightspeed has invested over US\$ 800 million in more than 100 companies over the past two decades and has for the first time brought India on its radar.

Ajit Deora, venture partner, Lightspeed Venture Partners, told Business Standard, "Our Fund 7, which is worth \$475 million, will be investing in companies in the US, Israel, China and India. While we have been investing in the US since a fairly long time and in Israel since the last 15 years, in China it has been over the last three-odd years. This year, we have brought India into focus as well."

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=259904

Google set for big Indian play

Internet search giant Google is scanning India for potential acquisition targets as also the points-men to drive its expansion in the region.

Google Inc is currently in talks with a number of start-ups with unique and innovative business models, particularly in areas like voice and SMS-based advertising, to expand its presence in the country, an official close to the development said.

http://www.financialexpress.com/latest_full_story.php?content_id=141552

Airbus to tie-up with HAL for MRO at Nashik

European aircraft major Airbus is likely to tie-up with Hindustan Aeronautics (HAL), for setting up a US\$ 100 million maintenance, repair and overhaul (MRO) facility at Nashik, Union civil aviation minister Praful Patel said.

"They (Airbus) want to have a tie-up with HAL and the latter has two bases, one at Bangalore and in Nashik and we have requested Airbus to select Nashik, which will be convenient for both," Patel said here today.

http://www.business-standard.com/common/storypage_c.php?leftnm=11&bKeyFlag=IN&autono=6355

Mauritius looking for Indian cos to market mineral water

"I am not talking about ordinary mineral water. This one is sourced from 1,200 metres under the sea; full of healthy minerals... there is a huge export market for this special water," said Mr Raju Jaddoo, Managing Director, Board of Investment, Mauritius, who is looking for Indian companies to market deep sea desalinated water from his country.

<http://www.thehindubusinessline.com/2006/09/29/stories/2006092904100300.htm>

Mann and Hummel to service global auto majors in India

Mann and Hummel Filter Private Limited, the Indian subsidiary of the Euro 1.38 billion Mann+Hummel group, a manufacturer of automotive components, is all set to launch a wide range of components for the automotive after-market in November this year.

The company, through a joint venture with Bosch group, has set up a manufacturing plant to produce oil, fuel, air and cabin filter components in Tumkur, about 79 km from Bangalore.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=259895

Trade News

India-Mauritius preferential trade pact by October-end

India and Mauritius are likely to sign a preferential trade agreement by October-end. The agreement could become operational from the start of 2007 or from April.

India has agreed to offer preferential tariffs on 70 items while Mauritius has agreed to offer duty cuts on around 300 items. In addition, New Delhi has offered tariff rate quotas in sugar, garments and rum.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=259956

Iron ore industry opposes cess, ban on exports

Goa's iron ore mining industry, the country's only private sector iron ore export industry, is opposed to the proposals recently mooted by the Associated Chambers of Commerce and Industry of India (Assocham) for a cess on iron ore exports and a phased ban on iron ore exports.

"With the production costs spiralling and investments for mining also going up considerably, the illogical proposal of a cess of Rs 500 a tonne would throw the industry out of gear," a spokesman of the Goa Mineral Ore Exporters' Association (GMOEA), the body representing iron ore exporters in the State, told *Business Line* on Thursday.

<http://www.thehindubusinessline.com/2006/09/30/stories/2006093000251300.htm>

Rising yarn exports: `Small spinners finding more pockets of sale'

Rising per capita cloth consumption, widening scope for the country's small enterprises entering into partnership with textile importers in Europe and exemption from Cenvat duty structure for cotton textiles have pointed to favourable business opportunities for small and medium textile industry, according to South India Small Spinners Association (Sisspa).

India, whose cotton yarn exports during 2005-06 touched 27 per cent in the global yarn trade, is increasingly seen as global yarn outsourcing destination. Though not many Sisspa member-mills are directly involved in yarn exports and only bigger yarn producers figure in export trade, this has of late created adequate `pocket of sale' for the small-scale spinners in catering to the domestic yarn market, said Mr K.R. Selvakumar, the outgoing President of Sisspa.

<http://www.thehindubusinessline.com/2006/09/26/stories/2006092600060700.htm>

Sugar mills say exports viable at current rates

The crash in world prices is not deterring sugar millers, who feel exports are viable even at ruling levels of \$370-375 per tonne. All this is, of course, assuming that the Centre would lift the current ban on sugar exports by November.

The benchmark London white sugar futures (No. 5) contract for December closed at \$377.9 per tonne on Friday, way below the record \$497 per tonne of July 6. But domestic millers claim that the present realisations are attractive enough for resuming shipments.

<http://www.thehindubusinessline.com/2006/10/01/stories/2006100103640100.htm>

Sectoral News

Indian toy industry set to grow at 25 per cent

The US\$ 32.6-million Indian stuffed toy industry is set to grow at 25 per cent due to rising demand from India and abroad.

The incomparable quality of toys, India is producing, is unmatched elsewhere and therefore, the demand for Indian-made toys is rising by leaps and bounds.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=259652

US\$ 1.5 billion investment for port linkage

India's maritime trade is set to witness a major boost in the coming years with strengthening of road and rail connectivity to the major ports. Projects worth US\$ 1.5 billion have already been sanctioned so far, this year, for rail and road connectivity to ports.

These include ten road projects to be completed by 2007, and four projects, which are to be sanctioned soon. Eight rail projects for port connectivity are also to be completed by 2008, while five are awaiting clearance. The ports that will gain the most from these projects are Paradip, Haldia, and Tuticorin port. Ports at Kolkata, Ennore, Kandla and Cochin will also see major connectivity work.

http://www.financialexpress.com/fe_full_story.php?content_id=141704

'Raising agri growth, a roadblock in 8% GDP growth'

Raising agricultural growth and building-up infrastructure are among the main challenges facing the country in achieving eight per cent GDP growth, according to Dr C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister.

Speaking at the Chamber Day function of the Madras Chamber of Commerce and Industry, Dr Rangarajan said the first challenge was stepping up agricultural growth. The critical problem, he said was low yields and inability by farmers to reap the advantages of markets.

<http://www.thehindubusinessline.com/2006/10/01/stories/2006100100230500.htm>

Kerala to frame micro hydel power policy

The State Government proposes to come out with a comprehensive micro hydel power policy.

In a written reply in the State Assembly on Thursday, the Electricity Minister, Mr A. K. Balan, said that preparatory discussions in this connection has already been initiated.

<http://www.thehindubusinessline.com/2006/09/29/stories/2006092902181900.htm>

Manufacturing pushes GDP growth to record 8.9 pc in Q1

Buoyed by strong manufacturing sector growth, the country's gross domestic product (GDP) grew 8.9 per cent in the first quarter of the current fiscal, compared will 8.5 per cent recorded in the same period last year.

This is the highest first quarter growth recorded since 2000-01, the Union Finance Minister, Mr P. Chidambaram, said here on Friday. The next best first quarter growth performance was the 8.5 per cent rate of last year (2005-06).

<http://www.thehindubusinessline.com/2006/09/30/stories/2006093003390100.htm>

News Roundup

India breaks BRIC ranks in competitiveness

Ever since Goldman Sachs came out with its much-talked-about report saying Brazil, Russia, India and China will dominate the world's economy by 2040, India has often found itself clubbed with the other three.

However, the World Economic Forum's Global Competitiveness Index (GCI) gives India the chance to break out.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&bKeyFlag=BO&autono=259812&chkFlg=

India keeps confidence in stride

Country leads world in consumer confidence for third year in a row.

The ACNielsen Consumer Confidence Survey for the first half of 2006 shows India in the lead of both the 41-nation global survey as well as the 14-country Asia-Pacific study. This is the third time in a row that India is at the top of the Consumer Confidence Index.

While the global index has held at 98 points since the last round of the survey conducted in November-December 2005, India's score is 131, down one notch from 132 in the last survey.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=259685