

Weekly Economic Bulletin

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News Feature

More the merrier; manufacturing growth at 10.6%

The manufacturing sector growth continues to be robust at 10.6% in June 2007 as per the data compiled by CSO. Industrial production for June 2007 is 9.8% reflecting the fact that demand for industrial goods and consumer durables continues to fuel the manufacturing sector in particular and industry sector in general.

The mining and electricity sector have posted a growth of 3.6 % and 6.8% respectively for June 2007 as per official data.

http://economictimes.indiatimes.com/News/Economy/Indicators/More_the_merrier_manufacturing_growth_at_106/articleshow/2270765.cms

'PE investments in India to cross \$15 bn'

Riding high on the Indian growth story, private equity investments in the country have crossed two billion dollars during July alone and can touch 15 billion dollars by the end of this year, a study by global consultancy firm PricewaterhouseCoopers said.

The surge in PE investments is the result of huge returns of over 25-30 per cent, which Indian firms provide to investors. "This by far exceeds any other market in the developed countries," PwC Executive Director Sanjeev Krishan said.

Of the total, 55-60 per cent investments are made by overseas PE firms, he said, adding that 'for the year ahead, leading PE firms such as Chrys Capital and Henderson Equity Partners have several deals in the pipeline'.

<http://www.financialexpress.com/news/PE-investments-in-India-to-cross-15-bn/209088/>

NCAER raises GDP forecast to 8.53%

The National Council of Applied Economic Research (NCAER) has revised the gross domestic product (GDP) projections for the current fiscal a tad higher at 8.53 per cent, compared to its projection in April at 8.3 per cent.

In its latest quarterly review of the economy released, the council said the increase is on account of the projected improvements in the growth of all the three sectors of the economy, but more particularly in agriculture and industry.

<http://www.blonnet.com/2007/08/11/stories/2007081151951000.htm>

India Inc raises record \$22 bn in 6 months

In the current year till July, Indian capital markets have seen their largest-ever initial public offerings (IPOs) and a mega follow-on public offer (FPO).

The year also witnessed the highest-ever fund raising by Indian companies. In the period January-July 2007, Indian companies raised \$22.3 billion through the IPO, FPO and convertible bond route.

The \$22.3 billion figure includes funds garnered by Indian companies from both domestic and international capital markets. Of this \$17.3 billion were through IPOs and FPOs on BSE and NSE, \$4.8 billion were raised through foreign currency convertible bonds (FCCB) in international markets.

[http://economictimes.indiatimes.com/India Inc raises record 22 bn in 6 months/articleshow/2263678.cms](http://economictimes.indiatimes.com/India%20Inc%20raises%20record%2022%20bn%20in%206%20months/articleshow/2263678.cms)

Overseas investment

India's forex reserves up by \$3.9 billion

India's forex reserves rose by USD 3.9 billion to stand at USD 229.342 billion for the week ended August 3.

The week before, which ended July 27, forex reserves stood at USD 225.35 billion, up by USD 3.307 billion.

As per figures released by the Reserve Bank of India, foreign currency assets (FCAs) increased by USD 3.892 billion to stand at USD 221.988 billion during week ended August 3.

<http://www.financialexpress.com/news/Indias-forex-reserves-up-by-3-9-billion/209701/>

Forex earnings from tourism up in H1

Riding on the back of an increase in foreign travel to India, the country's foreign exchange earnings from tourism sector during the first half of 2007 registered a 14.4 per cent growth in rupee terms and 20.6 per cent growth in terms of US dollar.

Earnings during the period rose to Rs 18,258.57 crore (\$4,293.46 million) from Rs 15,958.14 crore (\$3,559.74 million) in the corresponding period a year ago.

The foreign tourist arrivals in the country between January-July registered 11.9 per cent growth with the increase in number to 27,64,361 from 24,69,506.

<http://www.thehindubusinessline.com/2007/08/10/stories/2007081051891000.htm>

FII's raise stake in real estate stocks

The booming real estate market has caught the fancy of foreign investors and they have raised their stake in a majority of realty firms listed on the bourses. However, some analysts believe these stocks are among the most expensive in the world.

An analysis of the holding pattern of foreign institutional investors (FIIs) in 22 major realty firms shows a majority of them raised stake in the April-June quarter compared with their stake in the previous three-month period.

FIIs increased their stake in 15 companies, including Unitech, Ansal Housing, DS Kulkarni and Indiabulls Real Estate. However, they decreased their holding in seven companies — DLF, Atlanta, Era Construction, Lok Housing, Mahindra Gesco, Madhucon Projects and Unity Infrastructure.

The real estate sector in India has witnessed a boom in recent times led by an increase in purchasing power of people, relaxed lending norms by banks and housing finance companies and the growth in retail and IT sectors.

<http://www.business-standard.com/smartinvestor/storypage.php?leftnm=0&subLeft=1&chklogin=N&autono=294253&tab=r>

Trade News

India, Switzerland sign MoU on intellectual property rights

India and Switzerland signed a memorandum of understanding (MoU) on protection of Intellectual Property Rights (IPR). The MoU was signed by the Union Commerce Minister, Mr Kamal Nath, and the visiting Swiss Federal Counsellor and Minister of Economic Affairs, Ms Doris Leuthard.

As per the MoU, a joint working group would be established to respond to questions relating to intellectual property, such as preventing the production, distribution and sale of counterfeit products, as well as raising awareness of the risks associated with these products.

Besides joint studies on intellectual property issues, the MoU also envisages exchange of views, information and experiences regarding the protection of intellectual property at the national level. The group would meet once a year in India or Switzerland alternatively.

“This (signing of MoU) demonstrates what we have always said that India is a country that respects intellectual property rights and geographical indications. India is not a country that anyway allows counterfeiting or production of fake products. It’s the credibility of India, which is important for the world to notice. I hope it (MoU) would encourage Swiss industrialists to look at India more intensively for making investments here,” Mr Kamal Nath said at a press conference.

<http://www.blonnet.com/2007/08/08/stories/2007080850481000.htm>

India can be growth model for Africa: Jeffrey Sachs

Replicating the 'model village' concept and the agricultural module followed in India can help African nations transform their economies over mid-term, according to noted economist Jeffrey D Sachs.

He was delivering the Millennium Lecture, "Lessons from India for Africa's Economic Development", on the 17th anniversary of the M S Swaminathan Research Foundation.

He has pioneered the 'millennium village' in 20 African countries, built on the Indian concept and turned famine-struck countries like Malawi into food grain exporting countries in three years.

"Food production in Africa can triple in a few years, and there could be 90 per cent reduction in child mortality - the technology package is there," Sachs said.

Sachs called for "targeted investments in Africa, smart subsidies and prioritising public finance", which is the "basic lesson from India" Africa could learn to bridge the economic gap within five-six years.

http://economictimes.indiatimes.com/News/International_Business/India_can_be_growth_model_for_Africa_Jeffrey_Sachs/articleshow/2269230.cms

India welcomes Russian pvt capital

Russian private capital should take part in reconstruction of Indian ports, harbours and airports, Indian ambassador to Russia Kanwal Sibal told.

Such invitation for Russian investors fully corresponds with India's programme of upgrading its infrastructure.

Upgrading infrastructure would require an estimated investment of \$320 billion during the period 2007-2012, Sibal said. The Indian government looks for such investment through a combination of public investment, public-private partnership, and exclusive private investments whenever feasible.

Sibal also stressed that both governments should take substantial measures to remove barriers to trade in services. Commitments in IT and IT related services, financial, telecommunications, construction and transportation services should be enlarged, he pointed out.

http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/India_welcomes_Russian_pvt_capital/articleshow/2278277.cms

India seeks FDIs from Gulf: Min

India, which is wooing foreign investment in all sectors especially in infrastructure, is eying FDI's from the cash-rich Gulf region.

"India is keen to promote its trade and political ties with the neighbouring countries of East and West, as it is keen to get funds for its infrastructure development as the country aims to join the ranks of the economic powerhouses of Europe, the US and Japan," India's Minister of State for Industry Ashwani Kumar told a meeting of top Dubai businessmen and professionals organized by the Indian Business Professionals Council.

http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/India_seeks_FDI_s_from_Gulf_Min/articleshow/2265039.cms

N-deal opens up investment possibilities worth \$40 bn

The Indo-US civil nuclear deal has opened up the possibility of investments worth \$40 billion over the next 15 years to step up nuclear power generation, with leading firms like White Westinghouse, General Electric, Rosatom and Siemens unveiling plans to do business with the country.

After nearly 33 years of nuclear isolation, India's nuclear power generation capacity is expected to rise to 40,000 mw by 2025 with access to several 1,000 mw-plus advanced light water reactors and a committed fuel supply, and nuclear commerce is expected to go up to 40 billion dollars, Nuclear Power Corporation of India chairman S K Jain said.

<http://www.financialexpress.com/news/Ndeal-opens-up-investment-possibilities-worth-40-bn/210081/>

Sectoral News

India ranks 5th in global steel output

India has moved up two places in the global ranking and is now the fifth largest producer of crude steel in the world, with the revised figures for production in 2006 ahead of South Korea and Germany.

An expert committee set up by the Union ministry of steel, which went into the issue of under-reporting of capacity and production data, has revised the production figures for crude steel in the calendar year 2006 to 49.45 million tonnes as against 44 million tonnes, which puts India in the seventh position among global steel producers.

The revised figures for crude steel production in 2006-07 is pegged at 50.71 million tonnes and those of finished steel at 51.90 million tonnes.

According to the figures released in January by the International Iron and Steel Institute (IISI) for 2006, South Korea ranked fifth with a crude steel capacity of 48.4 million tonnes and Germany sixth with 47.2 million tonnes. With the revised figures, India has pipped both South Korea and Germany.

http://www.business-standard.com/common/storypage_c.php?leftnm=10&autono=293697

Spices export likely to touch \$1 bn by 2009

India's total spices export is likely to touch \$1 billion by 2008/09 on the back of higher exports of chilli, cumin and mint products, the head of the state-run Spices Board said.

The total spice production in 2007/08 is expected jump 10 percent from this year's 4 million tonnes, Chairman V J Kurian said.

The Spices Board is planning to apply for the Geographic Indication (GI) status for Sannam chillies and Tellichery pepper, he added.

http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/Spices_export_likely_to_touch_1_bn_by_2009/articleshow/2277767.cms

Rice exports booming at Kakinada old port

Rice exports are keeping the old (anchorage) port at Kakinada busy for the second successive year. In spite of the dollar crash, already more than a million tonnes of rice has been exported from the port to different countries during the current financial year. Trade sources are of the opinion that exports will go up in the next two or three months and the old port can easily handle 3 million tonnes of total cargo by the end of the financial year, as it did last year, with rice exports accounting for the lion's share.

Kakinada old port has an excellent hinterland for rice export, as the Godavari and Krishna deltas grow the required rice and there is a thriving milling industry in the two Godavari districts and Krishna.

<http://www.thehindubusinessline.com/2007/08/13/stories/2007081350230600.htm>

India eyes high-protein soymeal exports

India, expecting a record soybean crop of 8.5 million tonnes in 2007/08, is targetting exports of soymeal with a high protein content to add value and realise better prices, a senior trade official said.

"We are now looking at stepping up exports of soymeal with 50 per cent or more protein, which commands a premium of \$20-25 per tonne over normal meal," Rajesh Agrawal of Indore-based Soybean Processors' Association of India said.

"The potential is very, very high, and buyers are available," Agrawal added.

http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/India_eyes_high-protein_soymeal_exports/articleshow/2264799.cms

Chip design automation - the next big thing

The Indian product market, worth \$110 million in 2004, is expected to be \$1 billion by 2015.

The chip automated our lives with electronic gizmos. Chip designing has been a good business proposition for Indian technology firms. Now, we are moving towards the next step, designing tools that automate the chip designing process itself.

With electronic equipment consumption growing in India, electronic design automation (EDA) companies, which supply software tools to design chips for consumer appliances such as mobile phones, TV, personal digital assistant (PDA) and music players, are witnessing rapid growth.

This growth is expected to accelerate with more players entering the fray in the coming years as electronics consumption goes up significantly.

At present, there are seven EDA companies, both multinational and Indian, operating in the country. Cadence, Mentor Graphics, Magma, Synopsys, Circuit Sutra, Sequence Design and SoftJin are all reporting growth. The India Semiconductor Association (ISA) expects more domestic players to start providing EDA tools to chip designers.

EDA companies are the starting blocks for designing Very Large Scale Integration (VLSI) chips, the boards on which the chips are mounted and the hardware itself.

The Indian EDA industry consists of EDA product companies as well as EDA service companies catering to the needs of the former.

http://www.business-standard.com/common/storypage_c.php?leftnm=10&autono=293599

Indian GSM operators ahead of China: COAI

The GSM operators in the country are serving 300 per cent more subscribers per mega hertz (MHz) than China, a criterion that reflects growth of a telecom network.

The country's GSM operators were serving 3.36 million users per MHz during GSM telephony's 12 years of existence, compared with 0.85 million subscribers in China, according to a letter sent to the Telecom Regulatory Authority of India (Trai) by the Cellular Operators' Association of India (COAI).

The COAI, the apex body of GSM operators, was refuting allegations that China was serving 1.5 times more subscribers per MHz than India.

http://www.business-standard.com/common/storypage_c.php?leftnm=10&autono=293647

Wipro strings largest IT deal for \$600 mn

There's no stopping Wipro's acquisition juggernaut. The Indian IT giant unveiled its biggest buyout to date, and the largest for the Indian IT industry.

Wipro Technologies has signed a definitive agreement to acquire the Nasdaq-listed Infocrossing for \$18.70 per share, pegging the enterprise valuation of the IT infrastructure management services firm at \$600 million, including \$60-million debt, in an all-cash deal.

http://economictimes.indiatimes.com/Wipro_strings_largest_IT_deal_for_600_mn/article_show/2260831.cms

News Round – Up

M&A spree to continue in second half: PwC

Having sealed deals worth \$55 billion in the first six months of this year, India Inc will maintain its merger and acquisition (M&A) spree with cross-border takeovers dominating the space, global consultancy firm PwC said in a report.

“M&A activity is expected to remain on an uptrend in the second half of 2007 and the dominance of cross-border deals is expected to continue,” PricewaterhouseCoopers said in its report on M&A update for the first half of 2007.

The first half of the current year witnessed heightened deal activity with the value of M&A transactions crossing \$55 billion with over 550 deals, far exceeding the total deal value recorded for all of 2006.

The report highlighted that the most notable deals during the period highlighted the sharp acceleration in outbound activity by Indian corporates and significant growth in private equity investments in the country.

Two major deals — Tata Steel's \$13.6 billion acquisition of Anglo-dutch major Corus and Aditya Birla Group flagship Hindalco's six billion dollar acquisition of Novelis — brought India to the global forefront.

PwC said foreign direct investment is likely to get a boost with consistently strong economic growth, combined with continuation of the reform process and improvements in infrastructure by the Indian government, but significant policy changes appear unlikely.

Segments where the FDI cap could be relaxed include petroleum refining (from 26 per cent to 49 per cent) and civil aviation areas such as ground handling, maintenance and repair and air charter services, where up to 100 per cent foreign investment is expected to be permitted, as against 49 per cent at present.

http://www.business-standard.com/common/storypage_c.php?leftnm=10&autono=293566

Infosys, TCS top corporate reputation index

IT majors Infosys Technologies and Tata Consultancy Services (TCS) have emerged as the most reputed corporate houses in India while Tata Motors, Tata Steel and Hindustan Unilever were tied at the second place, according to the latest Corporate Reputation Index released by global consultancy firm TNS.

Maruti Udyog, the largest carmaker in the country, got the third highest number of votes on the index, the report said.

"Corporate reputation is assuming increasing importance in today's business, economic and social environment. As corporate behaviour is increasingly under scrutiny and corporate valuations go beyond financial performance parameters, it is considered to be a measure of confidence in the organisation and goes much beyond market capitalisation and brand equity," TNS said in a statement.

The corporate reputation index represents stakeholder expectations and experiences with the company and its services, processes, management and systems.

The study reflects views of financial community and senior and middle business managers in the industry. It also includes expectations of opinion leaders including senior bureaucrats, academicians and media personalities.

A total of 70 leading companies across various sectors were selected for the study conducted in the last quarter of the previous fiscal.

http://www.business-standard.com/common/storypage_c_online.php?leftnm=11&bKeyFlag=IN&autono=2650

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