

Weekly Economic Bulletin

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Contents

- | | | |
|----------|--|------------------|
| 1 | News Feature | Page 1 |
| | <ul style="list-style-type: none">• 'India's economy is more efficient than China's' | |
| 2 | Overseas Investment | Page 1- 3 |
| | <ul style="list-style-type: none">• Hot India attracts Japan• Hilton sees growth in China, India• Haryana likely to tap French cos• Rs 50,000 crore investments likely from Gulf countries• Gucci to enter India with Murjani Group | |
| 3 | Trade News | Page 3-4 |
| | <ul style="list-style-type: none">• Textile exports to US, EU show big growth'• Russian envoy calls for greater economic ties• Govt aims to double India's share in world farm trade• Indo-France bilateral trade to touch 10 bn Euros by 2010 | |
| 4 | Sectoral News | Page 4-6 |
| | <ul style="list-style-type: none">• 'Indian oil cos close to winning Oman block'• TCS, Stanford in pact for data security research• Dr Reddy's buys German co Betapharm for Rs 2,250 cr — Biggest overseas acquisition by an Indian pharma co• Reliance Tele in \$100m deal with Motorola, Huawei• SBI gets banking licence in China | |
| 5 | News Round-up | Page 6-7 |
| | <ul style="list-style-type: none">• India, China to be major beneficiaries of R&D investment• 'Engineering services outsourcing in India can grow to \$10 bn'• Sensex set a new record at 10,190.23 points | |

News Feature

'India's economy is more efficient than China's'

India has emerged a clear winner over redland China in the global business plans of French MNC, the e35-bn Saint-Gobain group. The group has decided to invest more

in India in the next five years to grow its major businesses — flat glass, construction products and high performance materials.

In an exclusive interview to ET on his visit to India after five years, group chairman & CEO Jean Louis Beffa said, “In '06, the turnover will exceed Rs 1,800 crore. We expect a significant growth to come from expansion of glass business (Rs 800 crore), GNO's abrasives and other divisions and from the integration of India Gypsum.”

<http://economictimes.indiatimes.com/articleshow/1419523.cms>

Overseas Investment

Hot India attracts Japan

Japanese retiree Mitsuo Hirai thinks one of the best places to invest his life's savings is Indian stocks -- and he's not the only one.

According to Lipper, a fund research unit of Reuters Group Plc., the net inflow into such funds from Japan totalled an estimated 500 billion yen (\$4.3 billion) in 2005.

Japanese investors have been investing more and more money overseas in the last few years while local interest rates hover near zero after a decade of economic stagnation.

Money from Japan accounted for 40 per cent of the net inflow from all foreign funds to Indian equities in 2005, helping India's benchmark BSE index gain 42 per cent in the year.

http://www.financialexpress.com/latest_full_story.php?content_id=117677

Hilton sees growth in China, India

Hilton Hotels Corp. will look for partners in China and India who are willing to do large scale development of branded hotels as the company seeks to expand into those markets, its president said on Tuesday.

Hilton recently struck a deal to pay 3.3 billion pounds (\$5.2 billion) for the hotel assets of its British namesake Hilton Group Plc, reuniting the brand for the first time since a 1964 business split

http://www.financialexpress.com/latest_full_story.php?content_id=117669

Haryana likely to tap French cos

In a bid to shape up its development landscape, the Haryana government is wooing investments from France in the areas of housing, urban development, drinking water, sanitation, health and transport.

According to officials, the Haryana Urban Development Authority (Huda) is expected to tap major French companies including Lafarge (Cement and Gypsum), Air Liquide International (chemicals other than fertilisers), Usinor Sacilor (Ugine Division), Metallurgical Industries (Ferrous), Group Danone, Saint-Gobain etc.

French President Jacques Chirac, during his forthcoming visit to India, will be accompanied by a high level business delegation, including several French industry majors. Besides other issues, the French delegation would scout for investment opportunities in Haryana, following the state CM's special invitation to invest in the state

http://www.financialexpress.com/fe_archive_full_story.php?content_id=117659

Rs 50,000 crore investments likely from Gulf countries

INDIA is likely to attract investments to the tune of Rs 50,000 crore from the Gulf Cooperation Council (GCC) member countries in the next five years in sectors such as oil refining, real estate and construction, infrastructure and single-brand retailing, according to the Chairman, Sharjah Chamber of Commerce and Industry, Mr Ahmed Mohammed Al Midfa.

Mr Midfa was speaking at a conference on Indo-Gulf Cooperation organised by The Associated Chambers of Commerce and Industry of India (Assocham) on Wednesday.

He indicated that the entire Gulf region was attracted towards India because of India's liberal economic fundamentals. The GCC is in talks to collaborate with India in the refining sector, which alone will attract investments exceeding Rs 25,000 crore, Mr Midfa said

<http://www.thehindubusinessline.com/2006/02/17/stories/2006021702271400.htm>

Gucci to enter India with Murjani Group

Luxury brand Gucci announced its entry into the Indian market with the Murjani Group and would open its boutiques in Mumbai and New Delhi in 2007.

Gucci aligned with the Murjani Group, an international group with firm understanding of the luxury industry and Indian market to establish Gucci's presence in India, the company said in a release here

Gucci, associated with modern Italian style, distributes its high quality luxury goods through directly operated stores, franchises, duty free boutiques and department stores, it added.

<http://www.thehindubusinessline.com/businessline/blnus/19171501.htm>

Trade News

Textile exports to US, EU show big growth'

THE country's textile exports in the non-quota regime, effective from January 1, 2005, has registered a phenomenal growth in market share in the US and European Union.

This was stated by Mr Shankarsinh Vaghela, Union Textile Minister, who was in the city for the inauguration of the new office of the Textiles Committee. According to him, only China had registered such growth rates in these two markets.

He said: "Everyone had apprehended that the Indian textile sector would fail to compete against Mexico and other players in the neighbouring region of the US. The banks were labelling the textile industry as the sunset sector. However, we have proved everyone wrong. Apart from India, only China succeeded in these markets during the last year." The Indian textile industry's share in the American market, the Minister said, has increased by 26 per cent. In the EU, it recorded a 20 per cent growth. "Ours is now a sunrise industry," he said

<http://www.thehindubusinessline.com/2006/02/16/stories/2006021602680900.htm>

Russian envoy calls for greater economic ties

THERE is room for greater economic co-operation between India and Russia and the latter is also keen on playing its part in the expansion and modernisation of the steel plants in the country such as the one here, according to Mr Vyacheslav I. Trubnikov, Ambassador Extraordinary and Plenipotentiary of the Russian Federation.

The ambassador, who was here to witness the President's review of the naval fleet earlier this week, said in an interview that the two countries could cooperate in many spheres such as IT, biotechnology and nanotechnology .

"Now India is a different country from what it was about 15 years ago. Also, today's Russia is not the USSR. Both the countries have to understand each other and exchange relations, particularly in the area of trade and commerce," he said.

<http://www.thehindubusinessline.com/2006/02/17/stories/2006021702241400.htm>

Govt aims to double India's share in world farm trade

THE Union Minister for Commerce and Industry, Mr. Kamal Nath, contended that the share of agricultural exports in the country's aggregate exports must be stepped up substantially from its extant level of a little over 10 per cent.

Presiding over the meeting of the Parliamentary Consultative Committee attached to his Ministry, the Minister said that the value of agro-exports from India in absolute terms had increased phenomenally, having gone up to \$8 billion — an increase of 70

per cent in just five years from a level of \$5.6 billion 1999-2000. During the first seven months of the current fiscal, agricultural exports stood at \$4.8 billion compared with a little over \$4 billion in the same period last year

Outlining the Government's perspective on agricultural export promotion policy, Mr Nath said that the objectives include doubling India's share in the world agricultural trade within five years , focusing on generation of additional employment in rural areas , increasing farm income and promoting rural development.

<http://www.thehindubusinessline.com/2006/02/17/stories/2006021702201400.htm>

Indo-France bilateral trade to touch 10 bn Euros by 2010

The official visit of French President Jacques Chirac to India will give boost to two-way trade between the two countries which is expected to exceed 10 billion Euros by 2010 compared to 3.6 billion Euros in 2005, according to Assocham

Indo-French bilateral trade went up by around 80 per cent between 1995 and 2004 and touched the figure of Euro 3.64 billion in March 2005," the chamber said, adding that the same "will exceed 10 billion Euros by 2010".

<http://economictimes.indiatimes.com/articleshow/1420352.cms>

Sectoral News

'Indian oil cos close to winning Oman block'

Four Indian oil companies in consortium with Australia's Oilex NL are close to acquiring at least one of the two exploration blocks they bid in Oman, two sources involved in the deal said on Wednesday.

India's state-run GAIL (India) Ltd., Bharat Petroleum Corp. Ltd., Hindustan Petroleum Corp. Ltd. and private-sector Videocon Industries Ltd. had bid with Oilex for two blocks in a licensing round announced by Oman government in December 2005.

http://www.financialexpress.com/latest_full_story.php?content_id=117684

TCS, Stanford in pact for data security research

TATA Consultancy Services has signed a five-year agreement with Stanford University, the US, for research in data privacy. The company will be investing \$1 million in this research collaboration, said Mr S. Ramadorai, Managing Director and CEO, TCS, at a news conference.

As part of this collaboration, TCS will also become an industrial partner on data privacy in the new Team for Research in Uniquitous Secure Technology (TRUST).

The company will also be member of the Stanford Computer Forum: Industry Affiliates Program

TRUST is a multi-university and multi-industry initiative that includes UC Berkeley, Cornell University and Carnegie Mellon University, Cisco Systems, HP, IBM, Intel, Microsoft, Qualcomm, Sun and Symantec.

<http://www.thehindubusinessline.com/2006/02/14/stories/2006021401460400.htm>

Dr Reddy's buys German co Betapharm for Rs 2,250 cr — Biggest overseas acquisition by an Indian pharma co

DR REDDY'S Laboratories has acquired the fourth-largest German generic drug maker Betapharm Arzneimittel GmbH for euro 480 million (approximately Rs 2,550 crore).

The Hyderabad-based company has signed a definitive agreement with 3i, the private equity house that controls Betapharm, on Thursday to acquire 100 per cent equity of the German drug major.

This is considered to be one of the biggest overseas acquisitions by an Indian pharmaceutical company. The transaction would be funded using a combination of the company's internal cash reserves and committed credit facilities. Other financial terms and conditions of the transaction were, however, not disclosed.

<http://www.thehindubusinessline.com/2006/02/17/stories/2006021704950100.htm>

Reliance Tele in \$100m deal with Motorola ,Huawei

Reliance Telecom, the GSM arm of Anil Dhirubhai Ambani Enterprises (ADAE), has put together a network and infrastructure equipment deal with Motorola, at a price that sets a new benchmark for such equipment in a cost-conscious market like India.

As part of the deal, which is estimated to be worth under \$100 million, the US telecom vendor's Indian arm is expected to supply mobile switches, 3,000-4,000 base stations and related infrastructure to Reliance Telecom.

Reliance Telecom, with 1.73 million subscribers across eight circles, is looking at a sizeable expansion of its services

<http://www.businessstandard.com/bsonline/storypage.php?bKeyFlag=BO&autono=13913>

SBI gets banking licence in China

State Bank of India (SBI) became the first Indian bank in China to get approval to start normal banking operations.

"We have received the licence from the China Banking Regulatory Commission (CBRC) to start normal banking operations in foreign currency," T C A Ranganathan, chief executive officer of SBI Shanghai branch, told **PTI**.

"We are extremely happy with the development," Ranganathan, who was here to collect the licence from CBRC, said, adding that normal banking operations would commence from the next financial year.

Welcoming SBI's upgradation as a full-fledged bank, Nalin Surie, Indian Ambassador to China, said it bode well for further stepping up bilateral trade, which rose 37.64% to hit a record \$18.71 billion last year. "It is a very good development, which will further facilitate trade and investment between India and China."

<http://www.businessstandard.com/bsonline/storypage.php?bKeyFlag=BO&autono=13954>

News Round – Up

India, China to be major beneficiaries of R&D investment

India and China will continue to be major beneficiaries of research and development expansion over the next few years as companies seek new market opportunities and access to top scientific and engineering talent, according to a new study.

Contrary to popular belief, lower cost is not the chief factor driving companies to locate their R&D operations in foreign countries like India, the study sponsored by the Ewing Marion Kauffman Foundation showed.

The quality of R&D personnel available and opportunities for university collaboration are often more important attractors, said Marie Thursby, professor of strategic management at Georgia Tech College of Management, and Jerry Thursby, professor and chair of economics at Emory University, in the study

<http://economictimes.indiatimes.com/articleshow/1419664.cms>

'Engineering services outsourcing in India can grow to \$10 bn'

Currently pegged at \$3.5 billion, outsourcing in engineering services has the potential to grow to \$10-\$20 billion in three to five years.

India provides outsourced services in the areas of automotive design, aerospace design, construction, industrial machinery and products, pharmaceuticals, semiconductor work and much more.

However, Infotech Enterprises chairman and MD BVR Mohan Reddy says that the country should focus more on its strengths like construction and industrial machinery. "Even though these are smaller markets, our success here is ensured and this will

help us to grow the overall marketplace," he said at the Nasscom summit here on Thursday.

http://www.financialexpress.com/fe_full_story.php?content_id=117842

Sensex set a new record at 10,190.23 points

The benchmark Sensex zoomed to set a new peak at 10,190.23 points in early trade on the Bombay Stock Exchange on Wednesday on emergence of buying by funds.

The Sensex, after touching a record high moved down slightly to quote at 10,185.05 higher sharply by 100.45 points in first ten minute of trading following revival of buying in blue chip stocks like Reliance industries, Infosys, Larsen and Toubro, Grasim Industries, Bajaj Auto, Maruti, BHEL, ITC Ltd., Hindustan Lever, Cipla and Satyam computer.

Similarly, the National Stock Exchange index Nifty touched a record high of 3048.80

http://www.financialexpress.com/latest_full_story.php?content_id=117667