

Weekly Economic Bulletin

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News Feature

India to beat China in 10 years: BBC survey

A BBC World survey in association with AC Nielson on global Indians reveals that India will overtake China in terms of economy growth in the next 10 years. While 57% respondents feel India will become the next Asian superpower in the next 10 years, 55% believe India can win a bid to host the Olympics during the same period and 60% believe that the poor in India will benefit from future economic growth.

The survey targeted a universe of eight million people and the results uncovered four global Indian sub-groups. The most influential sub-group is the Globizen — individuals with both strong international attitudes and behaviours

http://www.financialexpress.com/fe_full_story.php?content_id=117136

Overseas Investment

India invites Japan to invest in SEZs

Asserting that India had removed many barriers in trade and investment, Government on Monday invited Japanese companies to invest in the small and medium enterprise sector and Special Economic Zones.

‘We have seen Japanese technological innovations yielding results and converted into globally competitive products... We are promoting SEZs where infrastructure is better...Commerce and Industry Minister Kamal Nath said at a PHDCCI meeting.

He said India's economic indicators- growth rate, forex reserves all displayed the new strength of the economy which investors could look at for gainful returns

<http://economictimes.indiatimes.com/articleshow/1402800.cms>

NSE.IT plans overseas binge

NSE.IT, a 100-per cent subsidiary of the National Stock Exchange of India(NSE), would soon be taking its products to the overseas markets through its alliance companies, which have a strong international presence.

Satish Naralkar, managing director and chief executive officer, NSE.IT said, “We have strategic business partnerships to carry out marketing, selling and implementation of some of the products.”

<http://www.businessstandard.com/smartinvestor/storypage.php?chklogin=N&autono=214163&lselect=1&leftnm=lmnu6&leftindx=6>

Indian MFs may invest 20per cent of their assets abroad

The promise of an asset allocation, which includes stocks of global blue-chip companies for Indian investors, may soon be realized.

The government is set to further liberalise the norms for investment abroad by Indian asset management companies.

Indian mutual funds may soon be allowed to invest up to 20 per cent of their assets in a particular scheme in the stocks of top global corporates. Existing schemes too could be allowed to take advantage of this investment window, after they obtain Sebi approval.

<http://economictimes.indiatimes.com/articleshow/1409008.cms>

Japan keen on manufacturing sector in India

Japanese companies are keen to invest in India's manufacturing sector following the boom being witnessed in this country in the automobile, consumer durables and construction space, chairman and CEO of Japan external trade organisation (Jetro) Osamu Watanabe said on Thursday.

Leading a 73-member business mission to India, mainly belonging to SMEs, the first in five years, Mr Watanabe said interest towards India is growing rapidly in Japan over the last three years.

http://www.financialexpress.com/fe_full_story.php?content_id=117157

ONGC eyeing \$15 bn overseas acquisitions

Oil and Natural Gas Corp Ltd (ONGC) will invest \$3 billion next year to raise domestic production and is ready to spend \$15 billion on overseas acquisitions to feed the country's energy needs, chairman Subir Raha said on Wednesday.

State-run ONGC plans to raise domestic oil production by about 12% to 30 million tonne by 2009-10 through a combination of new exploration and improving yields from existing fields, Mr Raha said at the Reuters India Summit in Mumbai

http://www.financialexpress.com/fearchive_frame.pphs

Trade News

India, Russia target \$10 bn trade by '10

A long-standing trade stalemate between India and Russia has been resolved with the latter agreeing to recognise Darjeeling tea, Basmati rice and Alphonso mango as

some of India's geographical indicators. India, in turn, has given its consent to Russia's entry to the WTO.

The two countries have also decided to set up a joint group to examine the feasibility of entering into a comprehensive economic cooperation pact. By the end of this year, the group, co-chaired by Commerce Secretary S Menon, will look for ways to increase bilateral trade turnover to \$10 billion by 2010.

Announcing another breakthrough, Commerce and Industry Minister Kamal Nath said Russia had agreed to consider providing market access to Indian meat and poultry items. Russia will also look at issues relating to higher procurement of tobacco and cigarettes from India and a joint venture between the MMTC and Russian diamond mining company, Alrosa.

<http://www.businessstandard.com/common/storypage.php?storyflag=y&leftnm=lmnu2&leftindx=2&lselect=1&chklogin=N&autono=214338>

Canada wants new trade ties with India

The Premier of Canada's Manitoba will lead a trade mission to India from February 11 to 17 to promote the fast-growing province known as 'gateway to North America' as also to strengthen political, economic and institutional ties.

Gary Does's mission is the largest in Manitoba history, featuring over 45 business leaders from 34 companies and institutions that would be exposed to emerging opportunities in India. The delegation, which also includes political leaders Bidhu Jha and Denis Rocan, will visit Amritsar, Chandigarh, New Delhi and Mumbai.

In addition to addressing business and industry leaders in Chandigarh and New Delhi, the premier will meet with the chief ministers of Delhi, Haryana, Punjab and Maharashtra, as well as top government officials.

<http://economictimes.indiatimes.com/articleshow/1404122.cms>

India, S Korea FTA may fall within CEPA

India and South Korea on Tuesday signed a Memorandum of Understanding (MoU) for cooperation in science and technology as President A P J Abdul Kalam hinted that a bilateral Free Trade Agreement (FTA) could be considered within the ambit of the Comprehensive Economic Partnership Agreement (CEPA).

The MoU, signed here between India's Department of Science and Technology and Korea Industrial Technology Foundation, envisages sharing of work for promoting technology innovation and industrial cooperation between the two countries.

Addressing the captains of South Korean industry and business, Kalam said in response to a question: "I will examine if the FTA (between India and South Korea) could be considered within the ambit of the CEPA

<http://economictimes.indiatimes.com/articleshow/1403865.cms>

India, Serbia sign double tax avoidance treaty

INDIA and Serbia & Montenegro have signed a double taxation avoidance convention (DTAC) to promote trade and investment between the two countries.

The Convention provides for moderate rates of taxes on certain categories of income in line with the recently concluded tax treaties.

While the Union Finance Minister, Mr P. Chidambaram, signed the DTAC on behalf of India, Dr Predrag Ivanovic, Minister for International Economic Relations, signed on behalf of the Council of Serbia & Montenegro.

<http://www.thehindubusinessline.com/2006/02/09/stories/2006020903950900.htm>

Sectoral News

Pharma cos eye inhaled insulin market here

More than half-a-dozen pharma majors are boosting production to capture biggest market for inhaled insulin in the world, India.

In this battle, US' Eli Lilly has initiated clinical trials on Indian diabetes patients even as Pfizer announced last week that it has received the FDA and EC approval for commercial production of its inhaled insulin, Exubera, and now plans to carry out clinical trials in India.

While Pfizer may launch Exubera in India in the next two years, doctors engaged in the trials using Lilly's drug claim that commercial production of inhaled insulin may begin next year. Vinod Mattoo, medical director, Eli Lilly India, told ET the trials are part of a series being done internationally from July '05

<http://economictimes.indiatimes.com/articleshow/1403461.cms>

Maxis Comm plans fresh investment of \$1 b in India

MALAYSIAN telecom major Maxis Communications Berhad has planned fresh investment of \$1 billion in the Indian market following its acquisition of Tamil Nadu-based cellular services company Aircel Ltd.

This is in addition to \$1.08 billion investment the Malaysian company has kept aside to take a 74 per cent stake in Aircel through a joint venture with the Apollo Group.

“Maxis expects to invest over \$1billion in India in the coming three to five years. It has great confidence in the potential of both the Indian economy and the Indian

telecommunication market, " the company said in a letter to the Communications Ministry.

<http://www.thehindubusinessline.com/2006/02/08/stories/2006020802340400.htm>

Ericsson commits recurring \$100-m investment for India

Ericsson India plans to invest at the rate of \$100 million per year in the country over the next few years as a part of its expansion strategy in the region. A big chunk of the investment will be used to expand activities in the company's manufacturing plant at Jaipur.\

Ericsson India managing director Mats Granryd said, "The broader objective of the expansion at the manufacturing unit is to attain self-sufficiency in the near future."

Ericsson's R&D centre at Chennai will be another focus of the company's growth plan. "We intend to further reduce our cycle time and our R&D team is actively working towards it. We are also trying to further minimise the gap with end user requirements," Granryd said.

<http://economictimes.indiatimes.com/articleshow/1405486.cms>

\$3-billion project to manufacture semiconductors — SemIndia zeroes in on Hyderabad

SEMINDIA and the Andhra Pradesh Government on Thursday said a \$3-billion (about Rs 13,500 crore) project to manufacture semiconductors that go into computers, mobile phones and other digital devices would come up near the upcoming Hyderabad international airport.

The project, which was hotly pursued by Chennai, Bangalore and Hyderabad, would now be located in a 1,200-acre site near here. Along with this, two more semiconductor manufacturers — Nano Tech and Cypress Semiconductor, too, have evinced interest in locating their bases in the Fab City and negotiations are on to woo some more semiconductor companies.

<http://www.thehindubusinessline.com/2006/02/10/stories/2006021002570400.htm>

News Round – Up

Economy on a hat-trick

2005-06 set to clock 8.1% growth, third year running above 7.5%.

A day after the Sensex pierced 10,000 points, the government forecast the economy would grow 8.1 per cent in 2005-06, a survey of manufacturing showed nearly half the sectors had clocked over 10 per cent growth in the first three quarters of the year, and another study projected real Indian salaries would rise 13.7 per cent in 2006.

The Central Statistical Organisation forecast the economy would grow 8.1 per cent in 2005-06, up from 7.5 per cent last year but below the 8.5 per cent of 2003-04. The manufacturing and services sectors are leading the way as a 2.3 per cent pick-up in agricultural output this fiscal year spurs demand.

<http://www.businessstandard.com/bsonline/storypage.php?bKeyFlag=BO&autono=13705>

India to overtake china as world's largest cell market

China may be large, but India is fast. After catching up with China in mobile subscriber growth in December '05, India is set to surpass the dragon to become the world's fastest growing cellular market. India will add a whopping 358m mobile subscribers between '06 and '11, says new research.

China, the largest mobile market now, will rope in 354m users during the period, becoming the second fastest growing market, according to Portio Research's study on 'Top 25 Mobile Growth Markets Worldwide'

<http://economictimes.indiatimes.com/articleshow/1411784.cms>

Sensex at new high of 10,154

Indian shares met with resistance after hitting a new peak on Monday, while Cipla Ltd. jumped to a record after the drug maker announced a three-for-two bonus share issue, above expectations, on the weekend.

The 30-share benchmark BSE Index was down 0.03 per cent at 101,108.14 points by 10:35 a.m., off an all-time high of 10,154.65 at the open.

The BSE index, which crossed 10,000 points for the first time on Feb. 6, has gained 7.6 per cent in 2006 helped by foreign fund investments of more than \$1.4 billion

http://www.financialexpress.com/latest_full_story.php?content_id=117486