

Weekly Economic Bulletin

Date: January 16-22, 2006

Issue No. 144

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News Feature

- **India to be among top nations by 2025**

India will by 2025 emerge as one of the foremost nations in the world politically and economically, according to a global scenario report compiled by leading energy company Royal Dutch Shell. The report, titled "Shell Global scenarios to 2025", highlights India's young population, vibrant entrepreneurial spirit and strong institutions as its drivers of growth.

"India has been much more efficient than China at using capital. China has invested twice as much as India over 10 years and yet only achieved an average growth rate that is about 50 percent higher than India's," it says, according to INEP agency.

<http://economictimes.indiatimes.com/articleshow/1378957.cms>

Overseas Investment

- **Farallon to invest Rs 200 cr in Indiabulls**

The San Francisco-headquartered Farallon Capital, one of the largest hedge funds in the world, is picking up a 33% equity stake in Indiabulls Housing Finance for a consideration of Rs 112.5 crore. The newly formed company will spearhead the brokerage and consumer finance group Indiabulls' entry into mortgages.

Farallon and its affiliates will invest over Rs 200 crore in equity capital in two Indiabulls subsidiary companies, Indiabulls Housing Finance and Indiabulls Credit Services, a consumer finance company where Farallon already has a 33% stake.

<http://economictimes.indiatimes.com/articleshow/1373137.cms>

- **Govt OK's 26% FDI for news channels**

The government Tuesday allowed 100 per cent foreign direct investment in uplinking of television channels in the non-news category and 26 per cent for news channels.

"FDI up to 100 per cent would be allowed with prior approval of the government for uplinking of non-news and current affairs TV channels. FDI up to 26 per cent will be permitted with prior approval of the government for uplinking a news and current affairs channel," a statement issued here said.

http://www.financialexpress.com/latest_full_story.php?content_id=114789

- **India, Ireland sign biotechnology pact**

THE Irish BiIndustry Association (IBIA) and its Indian counterpart, the Association of Biotechnology Led Enterprises (ABLE), today signed an MoU in Bangalore as part of the ongoing Ireland trade mission to the country.

The MoU lays the foundation for research and commercial collaboration between the growing biotechnology sectors of the two countries, according to a joint release.

<http://www.thehindubusinessline.com/2006/01/18/stories/2006011802850900.htm>

- **Japan extends grant for projects**

Japan on Monday extended about Rs 74 lakh (\$161,946) as grant assistance to support grass roots projects on disabilities, water and education. The grant has been extended under the Japanese Embassy's 'Grant Assistance for Grass roots Projects' scheme to three non-governmental organizations.

The NGO, Action for Ability Development and Inclusion (AADI), engaged in the welfare of persons with disabilities and their families, has been extended an assistance of 27,115 USD. The money would be used to purchase a vehicle especially designed for easy boarding and disembarking of persons with disabilities.

<http://economictimes.indiatimes.com/articleshow/1373683.cms>

Trade News

- **UK for India-EU FTA**

UK on Monday mooted an India-European Union free trade agreement, which New Delhi said it was willing to look at. "We are open to all ideas that enhance our trade engagement," Commerce Minister Kamal Nath told reporters after a meeting with visiting UK trade minister Ian Pearson.

He said India's trade engagement globally was increasing and all means that could lead to further enhancement could be looked at. Pearson raised the issue of access to their banks and equal treatment in India as also high customs duties on wines and spirits with Nath.

http://www.financialexpress.com/latest_full_story.php?content_id=114691

- **Indo-Pak sea trade to be resumed**

The shipping ministry has proposed allowing seafarers from India and Pakistan to seek employment on the foreign flag vessels stopping at the neighbouring country's shore.

This provision will be a part of the amendment to the 1975 protocol between India and Pakistan. The proposed amendments will also allow resumption of sea trade.

http://www.business-standard.com/search/storypage_new.php?leftnm=lmnu2&leftindx=2&lselect=1&autono=212090

Sectoral News

- **Aviva to acquire Indian BPO**

Aviva, the world's sixth largest insurance company, is set to enter the Indian BPO sector. The UK-based firm is going to buy a majority stake in the Bangalore facility of BPO company 24/7 Customer. This facility in Brookefields, Bangalore, called Aviva 24/7, is currently a 100% subsidiary of 24/7.

Aviva's deal with 24/7 is based on the build, operate, transfer (BOT) model. This gives Aviva the option to acquire the operation, including staff, from 24/7. According to industry sources, the 1,700-seat Bangalore facility has been valued at around \$25m.

<http://economictimes.indiatimes.com/articleshow/1374299.cms>

- **Domestic BPO market to grow 60 pc in 2005-06'**

MOVE over Sam, it is time for Shyam to ride the next business process outsourcing (BPO) wave. After exports, the domestic BPO market is now set to take off in a big way, and grow at an estimated 60 per cent to touch about Rs 4,200 crore in 2005-06.

"The domestic BPO business is expected to grow at 60 per cent to clock Rs 4,200 crore during 2005-06 compared with Rs 2,640 crore in 2004-05. As

much as 60 per cent of this would be call centre work. Other activities include HR and finance and accounting operations," Nasscom's Vice-President, Mr Sunil Mehta, told Business Line here.

<http://www.thehindubusinessline.com/2006/01/18/stories/2006011802961100.htm>

- **UK gaming industry seeks Indian synergies**

THE UK, which has the third largest gaming industry next to the US and Japan, is exploring opportunities to partner Indian companies through its gaming body, TIGA.

TIGA or the Independent Games Developers Association, which now comprises 150 developer studios, believes that there is scope for synergies between the Indian developers and companies based in the UK. It is home to iconic products such as Lara Croft and Grand Theft Auto.

<http://www.thehindubusinessline.com/2006/01/18/stories/2006011802140400.htm>

- **Shell, Gujarat Petro teams to discuss LNG deal today**

A visiting Shell delegation, led by executive director Linda Cook, is expected to discuss on a long-term (LNG) supply contract with Gujarat State Petroleum Corporation (GSPC) on Wednesday.

GSPC is seeking more than a million tonne (mt) of LNG from Royal Dutch (Shell), while Shell has offered the company half a million tonne of LNG from its Gorgon project in Australia on a long-term contract basis. Balwant Singh, chairman, GSPC, said, "We seek much more than half a million offered by Shell."

<http://www.business-standard.com/bsonline/storypage.php?&autono=212037>

- **HM-Mitsubishi sourcing deal in final stages**

Hindustan Motors (HM) and Mitsubishi Motors Corporation of Japan have completed a joint study to assess the possibility of sourcing auto components from the country for Mitsubishi's global models. Both the companies are currently finalising the sourcing deal, a senior official of Hindustan Motors said.

"The study team has shortlisted eight vendors, including Hindustan Motor's Avtec, and the final steps are being worked out," R Santhanam, managing director, Hindustan Motors, told reporters here. Out of the eight, three are located in the southern and western regions and two in the north.

<http://www.business-standard.com/bsonline/storypage.php?&autono=212033>

- **Wipro to take acquisition route to expand footprint in Europe**

Wipro chairman Azim Premji today said that it would constantly be on the lookout for acquisitions and progressively target larger entities. Wipro had announced two acquisitions in the third quarter one of which was a Austrian design services firm NewLogic and another in the payment processing space — mPower, which has offices both in Chennai and the US.

Mr Premji said it would target companies which would help it expand its footprint in Europe as well increasing its domain strength and skills. "We will continue to do acquisitions as small companies with below \$100 revenues will be forced into consolidation as customers wants to deal with larger companies providing an integrated offering," he said.

<http://economictimes.indiatimes.com/articleshow/1377132.cms>

- **eBay's founder to invest in India**

Danish entrepreneur Morton Lund, who has invested in over 50 firms and made millions from the sale of Skype to eBay, is on the prowl in India. He is in talks with a newly-formed private equity fund, and is reported to have said: "There is a 400% chance that the next Skype will be from India."

While Mr Lund is still finalising his plans with the private equity fund, eBay's founder Jeff Skoll has gone one step ahead. Capricorn Llc, a US fund in which Skoll is a major investor, has pumped money into private equity firm Actis' \$475-million India fund.

<http://economictimes.indiatimes.com/articleshow/1374414.cms>

News Round – Up

- **Ring in optical network to link rural India: NCAER**

A phone network based on an extensive optical fibre backbone using Internet protocol appears to be a viable proposition wiring up for rural India, says a study by the National Council of Applied Economic Research (NCAER).

According to the Delhi-based think tank, India has a number of advantages in this area as operators have already laid 6,70,000 route kilometres of optical fibre. For instance, public sector telecom giant BSNL already has 30,000 of its 35,000 exchanges connected by fibre.

http://www.financialexpress.com/fe_full_story.php?content_id=114816

- **Business deals cross \$150 m at auto expo**

BEHIND the glamour of the aspirational cars and bikes on display, big business was conducted at the Eight Auto Expo, which came to a close on Tuesday.

As per estimates, business deals crossed \$150 million at the expo, clocking more than three times the amount compared to the last expo. Most of the deals inked were in the auto components domain with several foreign component makers taking part in the expo to find potential Indian partners.

<http://www.thehindubusinessline.com/2006/01/18/stories/2006011802240200.htm>