

Weekly Economic Bulletin

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News Feature

India new hotspot for Israeli firms

It's 'destination India' for numerous Israeli companies and businessmen here, with many of them increasingly looking towards India not only for the huge market it has to

offer, but also for technological and R&D collaborations. And business for Israeli companies dealing with India is clearly booming, even if we don't take into account those dealing in military hardware and software.

Over the last four or five years, Israel has emerged as the second largest supplier of both these items, second only to Russia. In each of the last three years alone, the Israelis have supplied defence equipment worth \$900 million to India.

Says Yitzhak Kiriati, director of the Tel Aviv based The Israel Export & International Cooperation Institute, "India is a very important destination country. There is already cooperation and business in sectors like telecom, agriculture, medical equipment."

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113346

Overseas Investment

Hutchison cleared to make \$260 m bid in Mumbai Port

Prime Minister Manmohan Singh has overruled defence officials' concern over Chinese companies that want to invest in the country's shipping industry, clearing the way for Hutchison Whampoa Ltd to submit a \$260 million plan to build container terminals in Mumbai

Hutchison and other Chinese companies can bid for India's port projects, the PMO told Bloomberg on Wednesday. Anthony Tam, spokesman of Hutchison Port Holdings Ltd, a unit of Hong Kong-based Hutchison, said the company has "never received any communications" about any restrictions.

The clearance for Hutchison is a sign of improving relations between the world's two most populous countries. China and India are marking 2006 as their friendship year.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113562

PSLV to fetch \$10-million contract by April-May

After the landmark Insat 4A launch, India has lined two more satellite launches before July. And one of these is set to be India's first completely commercial satellite launch, bringing some booty.

In April-May, PSLV-C8 will take the Italian satellite, Agile, to outer space," Isro chairman G Madhavan Nair divulged, speaking to reporters on the sidelines of a workshop 'Space Applications for Mankind,' organised by Vikram Sarabhai Space Centre, here. The launch marks a \$10-million contract for the Bangalore-based Antrix Corporation, Isro's commercial arm. Dropping its earlier sanctions, the United States

has its hinted its readiness to allow licences to Indian companies to launch spacecraft built in the US (or those with US-made components).

Mr Nair considers the Italian contract as a “good beginning” to commercial space, adding that the target was to capture at least 10% in the world’s \$2-billion satellite launch business. German and South Korean payloads had piggybacked PSLV’s famed triple launch in 1999, marking Antrix Corporation’s testing of waters for its commercial big splash this year.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113334

IOC-OIL to acquire block in Gabon

The Indian Oil Corporation (IOC)-Oil India Limited (OIL) duo is all set to acquire a 90% participating interest in an exploration block ‘Venus’ in Gabon, adjoining the British Gas-Remboue oil field.

The total cost of the project is close to \$1.2 billion and is the biggest investment planned jointly by the two companies so far.

The initial risk money, given IOC’s and OIL’s share of 45% each, would be Rs 228 crore. This includes the entry cost and the initial exploration cost. While the IOC board has approved the initial cost, it will again consider further expenditure related to appraisal, development and production from the field in case of a discovery. Put together, the total operating cost would total \$1.227 billion.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113555

Trade News

Import of LNG from Iran on track

India on Friday asserted that its \$22 billion deal to import 5 million tonne of liquefied natural gas (LNG) per annum from Iran was on track and the 25 year contract only needed a procedural clearance from the new government in Tehran.

Indian Oil Corp, Gail (India) Ltd and Bharat Petroleum Corp Ltd had in June 2005 signed a deal with the National Iranian Gas Export Co (NIGEC) for importing 5 million tonne per annum of LNG from Iran beginning 2010.

However, the deal is yet to be approved by the board of National Iranian Oil Co, the owner of the gigantic South Pars field from where the gas would be sourced for liquefaction and transportation to India in ships, and Iran’s high powered economic council for oil matters.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113758

India WTO team huddle to fine-tune future strategy

Following a short break after the conclusion of the World Trade Organisation (WTO) ministerial meet in Hong Kong, India's negotiating team will meet in the first week of the new year to firm up its future negotiating strategy.

Officials from both Geneva and New Delhi will meet in the Capital to discuss how to move forward in the core areas of agriculture, goods and services.

Sources said that India's approach in the three areas is more or less decided and only incremental work needs to be done. What is important now is to decide what posture India should adopt in future negotiations to get the best deal possible.

The next five months are going to be crucial for the trade talks, as deadlines have been set for firming up modalities in both agriculture and non-agriculture market access (Nama) by April-end. The Hong Kong declaration has also asked members to submit the steps that they are going to take based on the modalities that are finalised

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

India, Japan agree to consider economic pact

INDIA and Japan have agreed to "earnestly consider" the possibility of a comprehensive economic partnership agreement in the context of the ongoing work of the India-Japan joint study group.

The group is expected to submit its report by June this year.

A statement issued at the conclusion of a two-day visit of the Japanese Foreign Minister, Mr Taro Aso, said that India will remain the largest recipient of Japanese Overseas Development Assistance (ODA) during the current fiscal.

This will be the third successive year that India will be the largest recipient of Japanese ODA.

<http://www.thehindubusinessline.com/2006/01/05/stories/2006010502860900.htm>

Sectoral News

Kumar Birla set to buy Chinese phosphate firm

Three years after it entered China by taking over a carbon black unit, the Aditya Birla group is close to another acquisition in the country. The group is in advanced stages of negotiation to buy the majority stake in a Chinese rock phosphate company.

Observers said this acquisition might revive the group's overseas buyouts, which slowed down considerably in 2005. The group acquired only one firm, St Anne Nackawic Pulp Mill in Canada, for Rs 450 crore last year.

<http://www.businessstandard.com/common/storypage.php?hpFlag=Y&chklogin=N&auto=210331&leftnm=lmnu1&leftindx=1&select=0>.

Drug firms on an African safari

Indian pharmaceutical companies are making a beeline for African countries to tap a market that has not been ravaged by Big Pharma.

It will be tempting to put it down to the fact that they are struggling to make deep inroads into the lucrative, but highly regulated, markets of Europe and the United States. However, to be fair, the dark continent has enough silver linings of its own.

<http://www.businessstandard.com/common/storypage.php?hpFlag=Y&chklogin=N&auto=210330&leftnm=lmnu1&leftindx=1&select=0>.

Sun Industries plans tie-up with US co

SUN Industries, a Chennai-based auto component company, plans to set up a joint venture with an American company to which it is now supplying components.

Mr Nagu Chidambaram, Chief Executive Officer, Sun Industries, said the new company was likely to be set up by the middle of 2006.

Sun Industries makes sheet metal components and exports to tier 1 suppliers. Its exports are to the US, South America and it hopes to begin exports to Europe shortly. In 2005-06, it hopes to double its turnover to Rs 10 crore with exports accounting for half of it.

<http://www.thehindubusinessline.com/2006/01/03/stories/2006010301601900.htm>

US firm picks up 51 pc stake in ICI's rubber chemicals biz

PMC International Inc, a New Jersey-based company, has taken over 51 per cent interest in the rubber chemicals business of ICI India Ltd, resulting in transfer of ICI's entire rubber chemicals business to a new joint venture company incorporated under the name and style of PMC Rubber Chemicals India Private Ltd.

Dr P.M. Chakrabarti, Chairman and President of PMC Group International, told newsmen on Monday that the group has acquired 51 per cent equity stake in the

joint venture company for Rs 12.4 crore. The group will purchase the remaining 49 per cent equity stake from ICI India Ltd within two years at an estimated cost of Rs 8.8 crore, as per the terms of the business deal.

<http://www.thehindubusinessline.com/2006/01/03/stories/2006010302150200.htm>

News Round – Up

India Inc raised 50% more in '05

India Inc raised a total of \$32.14 billion (Rs 1,45,000 crore) in 2005, up 50% over the \$21.31 billion (Rs 98,026 crore) raised in 2004. At least \$17.8 billion (56%) of the money raised last year was foreign money, according to Bloomberg data. This is excluding another component of foreign money-the FII investment in the domestic market. In the domestic primary and equity market another \$14.35 billion, an all time high.

Overall, as GDP increased by 7% plus and capital investment activity boomed in the economy, both domestic and foreign investors bought into the India growth story.

Benign interest rates during most of the year saw 80% of the amount or nearly \$26 billion being raised from the debt market. Domestic corporate debt segment saw \$12.2 billion raised in 2005, 57% up from the 7.8 billion the previous year. More impressive was the growth in syndicated loans, which more than doubled to \$8.48 billion. In the foreign bonds and convertibles segment there was a decline of 7% to \$5.23 billion, according to Bloomberg data.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113466

Sensex closes over 9500 for first time

If 2005 was a good year, 2006 appears to be better with benchmark indices already at record levels. On Tuesday, the 30-share Sensex of the Bombay Stock Exchange (BSE) gained 149.23 points to close over 9,500 for the first time, at 9,539.37. The index took 18 trading days to move from 9,000 to 9,500. The broader S&P CNX Nifty of the National Stock Exchange (NSE) ended at a new high of 2,883.35, gaining 47.40 points.

The upbeat mood received a boost from strong FII numbers and a surge in index heavyweights like Reliance Industries Ltd (RIL) and Infosys Technologies, among others. RIL gained 2.34% on Tuesday to breach the Rs 900-mark to close at a new all-time high of Rs 919.50.

The stock is witnessing high volumes ahead of the date for the demerger, fixed for January 25. FIIs reported net inflows at Rs 477.70 crore in the cash market on Monday, after pumping in Rs 526.90 crore on Friday.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113473

Outlook for India remains positive: Fidelity Equity-linked savings scheme launched

GLOBAL fund house Fidelity is optimistic about the Indian equity markets, saying that its long-term outlook for India remains positive.

"The Indian equity story certainly calls for attention on its own merits and does not, in my view, need a wave to get noticed," said Mr Arun Mehra, Head of Investment Strategy, Fidelity India, and Fund Manager, Fidelity Equity Fund, during a presentation at the launch of an open ended equity linked savings scheme (ELSS) 'Fidelity Tax Advantage Fund' here on Thursday

He said India was among the few markets that witnessed strong and consistent earnings growth across most sectors in the last couple of years.

<http://www.thehindubusinessline.com/2006/01/06/stories/2006010602550900.htm>