

Weekly Economic Bulletin

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News Feature

India will forge future: US study

India is emerging as a "great power" and an important strategic partner of the US and its choices along with that of China and Russia will be the "key factors" in determining

the international security environment of the 21st century, according to a major review of American military strategy. The Pentagon's quadrennial Defence Review Report, which will be sent to Congress on Monday, also singled out China as the country with "greatest potential" to challenge the US militarily.

"On July 18, 2005 the President (George W Bush) and the Indian Prime Minister (Manmohan Singh) declared their resolve to transform the US-India relationship into a global partnership that will provide leadership in areas of mutual concern and interest," the Pentagon assessment said yesterday, adding that "India is emerging as a great power and key strategic partner."

Shared values by long standing, multi-ethnic democracies provide the foundation for continued and increased strategic cooperation and represent an important opportunity for our two countries," the Pentagon said.

http://www.financialexpress.com/latest_full_story.php?content_id=116633

Overseas Investment

Oman-India fertiliser project starts

The Oman-India Fertiliser Company (Omifco), a \$969 mn joint venture between the two countries that would feed the Indian agricultural market, was officially inaugurated at Sur in Oman at a function attended by two Indian ministers.

Ram Vilas Paswan, India's minister of chemicals, fertilisers and steel and Ahmed bin Abdulnabi Macki, minister of national economy of Oman jointly inaugurated the plant at Sur, a small town about km from here. Prithviraj Chauhan, India's minister of state in the Prime Minister's Office was also present, along with Indian Ambassador Ashok Kumar Attri and other dignitaries.

<http://economictimes.indiatimes.com/articleshow/1391415.cms>

Alberta wants India, but read fine print

Alberta welcomes plans by Indian state oil companies to invest \$1 billion in the Canadian province's burgeoning oil sands sector, as long as they also join efforts to study processing options for the heavy crude, the provincial energy minister said on Friday.

" We have been open to investment," Alberta Energy Minister Greg Melchin said. "As long as it doesn't detract from what the Alberta and Canadian objectives are, then that certainly could be satisfactory."

The delegation leader, M.S. Srinivasan, secretary of the Ministry of Petroleum & Natural of the delegation, told Reuters that state-run firms, such as Oil and Natural Gas Corp. and Indian Oil Corp. Ltd., aim to spend \$1 billion on early-stage oil sands projects over the next year.

http://www.financialexpress.com/latest_full_story.php?content_id=116619

India-Australia to sign 2 MoUs in mining

Extending the level of bilateral cooperation, India and Australia have identified the mining sector as a priority area where the two sides would forge alliances and encourage their companies to form joint ventures.

The countries have also agreed to sign two MoUs in the field of mining, informed Parliamentary secretary to the Australian minister for industry Bob Baldwin, during the Indo-Australia coal and mining forum here on Wednesday.

Mr Baldwin, who is leading a high-powered 77-member business delegation to India, said the first MoU would be signed between Minerals Council of Australia and the Federation of Indian Mineral Industries. The MoU envisages facilitating information exchange on trade and investment, safety and health and sustainable development

http://www.financialexpress.com/fe_archive_full_story.php?content_id=116466

India collaborates with Germany to support SSI

Small-Scale Industries (SSI) in India are the driving force of economic growth and employment. But their potential is yet to be fully tapped. Let's take a quick look at some figures: While, for example, in Germany around 70% of the workforce is employed by some 3.3 million small and medium enterprises (SMEs), this figure is only a minuscule 7% in India (approximately). Moreover, German SMEs contribute roughly 42% to the country's GDP, compared to a share of only 7% (approximately), which Indian SSIs contribute. Even though this comparison may be debatable due to different definitions of enterprise size in the two countries and the difficulty to trace reliable data, it points to the fact that Indian SSIs have not tapped their true potential.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=116430

Norway for joint ventures with Indian seafood industry

Norway was looking at India for a series of joint ventures (JV) in seafood processing, deep-sea fishing and aquaculture, according to Norway director-general of

aquaculture Magnor Nerheim, during the 15th India International Seafood Fair, which began here on Friday.

He said Norway had joint ventures started a few years ago in Himachal Pradesh, Kerala and Orissa. But with its raw materials and large seafood production, the country was looking at commercial JV projects. An eight-member team was here to attend the fair and interact with people, who mattered in the Indian industry.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=116575

Trade News

Pakistan to allow Indian sugar in overland

Pakistan is planning to import sugar from India via a land border crossing in an effort to cut transportation time and tackle domestic shortages quickly, a senior government official said on Friday.

We have decided in principle to open up the Wagah border for sugar trade," said Ashfaque Hasan Khan, an adviser to the Finance Ministry, referring to a crossing near the eastern city of Lahore.

The plan is in an advanced stage of implementation," he said.

http://www.financialexpress.com/latest_full_story.php?content_id=116518

India, UK to target doubling of bilateral trade

INDIA and the United Kingdom should aim at doubling bilateral trade and investment within the next three years, the Commerce and Industry Minister, Mr Kamal Nath, has said

Speaking at the second meeting of the UK-India Joint Economic Trade Committee (JETCO) in London on Tuesday evening, Mr Kamal Nath said that JETCO was the ideal platform for achieving this target.

Both Mr Kamal Nath and Mr Alan Johnson, the UK Secretary of State for Trade and Industry, underscored the fact that the present level of two-way trade - at about \$7 billion in 2004-05 - was dismal and did not reflect the existing trade potential. They agreed to step up efforts to double the trade volume using JETCO as platform

<http://www.thehindubusinessline.com/bline/2006/02/02/stories/2006020202261300.htm>

India, EU determined to boost trade ties

THERE is delightful poignancy about Commerce Minister Mr Kamal Nath's visit to Europe in Davos and London.

On Wednesday, rounding off his meeting with Mr Peter Mandelson, European Union's Trade Commissioner, both of them in a joint statement said, India is a "very important partner for European Union and vice-versa".

Hence, India and European Union are determined to "boost our commercial relations, and building on potential of the Doha Round.

The EU-India summit takes place in October and "we have clear road-map of how India's and EU's bilateral trade and investment agenda can be strengthened" to consolidate bilateral economic co-operation.

<http://www.thehindubusinessline.com/bline/2006/02/03/stories/2006020302621100.htm>

Sectoral News

Oracle to ramp up presence in India

Oracle is ramping up its India operations in a big way. Now, it plans to add nine cities to its network. These will supplement the six development centres, which it has at Gurgaon, Bangalore, Hyderabad, Chennai, Mumbai and Kolkata.

These new centres, which will not involve software development per se, and will, essentially, be sales and support offices, are an offshoot of the company's move to get closer to the customer. The development is significant in the context of Oracle's increased focus on India in recent times. While India ranked a lowly 10th in volumes among Oracle's Asia-Pacific operations just three years ago, it now ranks third.

<http://economictimes.indiatimes.com/articleshow/1401680.cms>

Foreign shipping firms anchor in India

Most foreign companies entering India are said to be small in size. Indian shipping companies have started to flag out their vessels to foreign countries to avail of tax breaks.

This comes at a time when a clutch of global shipping companies, including Oceanic Transport Private Ltd, Nord Scan Line, Polestar Maritime Ltd, Ocean Bulk Carrier, OBC London, Standard Marine Tpg Inc and Ernst Russ GmbH & Co KG are at various stages of setting up shop here to bring their vessels under the Indian flag.

Indian National Shipowners' Association (INSA) Secretary-General SS Kulkarni said the strong growth in domestic cargo was attracting foreign shipping lines to India.

<http://www.businessstandard.com/common/storypage.php?hpFlag=Y&chklogin=N&auto=214183&leftnm=lmnu2&leftindx=2&lselect=0>

Carbon trading: 20 Indian projects registered at UN panel

TWENTY projects from India have been registered at the UN panel as clean development mechanism (CDM) activities till date with the latest being those of Rajshree Sugar and Chemicals Ltd, Tamil Nadu Newsprint and Paper Ltd and Indo Gulf Fertilisers Ltd

CDM activities are those projects that reduce green house gas (GHG) emissions and trade carbon credits. Registration by the UN panel signifies acceptance of a project as a CDM activity.

It is the prerequisite for the issuance of certified emission reductions (CERs) or carbon credits by the UN.

<http://www.thehindubusinessline.com/bline/2006/01/30/stories/2006013001401400.htm>

'Dr. Reddy's in \$564-mn bid for Betapharm'

India's Dr. Reddy's Laboratories Ltd. has bid about 25 billion rupees to acquire German generic drug maker Betapharm, a leading business daily reported on Friday.

A European firm and India's Ranbaxy Laboratories Ltd. are also in the fray, the newspaper said

Dr. Reddy's acquired Roche's active pharmaceutical ingredients business in Mexico for \$59 million last November, and Ranbaxy has said it is actively pursuing a handful of acquisition opportunities in the United States and elsewhere.

http://www.financialexpress.com/latest_full_story.php?content_id=116500

News Round – Up

'Indians are most optimistic consumers'

A galloping GDP rate which has immensely boosted spending power has led to Indians being the world's most optimistic consumers in the world when it comes to economy, job prospects and personal finances, says a survey by AC Nielsen, the world's largest market research firm

The world's most optimistic consumers live in Asia-Pacific and North America while European consumers remain the most cautious for economic recovery even as

consumer confidence is on the rise globally, says the online survey conducted twice a year.

“Socially and economically, India continues to develop at a galloping rate compared to the rest of the world. With estimated compounded economic growth rates of over 8%, Indian consumers are enjoying greater spending power today than at any time in their recent history. Life continues to get better for the Indians and consumer confidence is all at time high” said Frank Martell, CEO ACNielsen Europe, said in a statement.

http://www.financialexpress.com/latest_full_story.php?content_id=116782

'Credibility in incredible India'

Making a strong pitch to business leaders from Commonwealth, Commerce Minister Kamal Nath has said India is rapidly ascending from being a base for low-end processes and operations to high-end research and development in sectors like pharmaceuticals and avionics that can make it a vibrant source of intellectual capital for the world

Today, we are immensely proud to be the 'default choice' as the world's back-office. Our IT-enabled and other services exports top 40 billion dollars a year. We have also evolved into a low-cost base for a range of goods and services," he said last night at a meeting organized by the Commonwealth Business Council at the Marlborough House here on the topic "India: The new paradigm."

"India, at the same time, is rapidly ascending the knowledge chain. We are no longer a base only for low-end processes and operations. The unique combination of IT, biotech and a strong pharma and bulk chemical manufacturing base means that high-end R&D in sectors like pharmaceutical research, avionics can put India on the global knowledge map as a vibrant source of intellectual capital for the world," he said.

http://www.financialexpress.com/latest_full_story.php?content_id=116214

Nuclear negotiations — India has the upper hand

A NOTEWORTHY aspect of India's approach in the ongoing nuclear talks with the US is that it has shown no signs of desperation. As expected, perhaps. There have been at least two indications that India is prepared to dig its heels in.

Today, India's nuclear status is such that, though foreign assistance (technology and fuel) may be desirable, it is certainly not indispensable. The country has attained self-sufficiency, as the statements by experts indicate.

<http://www.thehindubusinessline.com/2006/02/02/stories/2006020201431000.htm>