

Weekly Economic Bulletin

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News Feature

- **India in the new international economic order**

It is noticeable that an expanding group of emerging economies is challenging the traditional international order, long dominated by the US and EU with their influence spread over multilateral institutions.

These emerging economies have embarked on an economic development strategy that is endogenous, linked to national interests, and increasingly financed from their own resources. China, clearly, is the leader among this band of countries that includes India, Russia, Brazil, South Africa, Thailand, Malaysia and Singapore.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114199

Overseas Investment

- **100% FDI in captive coal mining likely**

The government may allow 100% foreign direct investment (FDI) through the automatic route in captive coal and lignite mining by steel and cement companies. At the present, FDI in the sector is capped at 74%. The FDI cap (74%) in exploration and mining of diamonds and precious stones would also be removed.

According to government sources, the group of ministers on FDI, which met recently, had decided to recommend to the Cabinet that the captive mining of coal and lignite and mining of diamonds and precious stones should be allowed to attract 100% FDI through the automatic route instead of seeking the nod of the Foreign Investment Promotion Board.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114238

- **Indo-US nuke deal to have global effects: Kerry**

The civilian nuclear deal between New Delhi and Washington, which accords nuclear power status to India, should not be seen in bilateral context as it has global implications, US Senator and former Presidential candidate John Kerry said on Thursday. "It would be disingenuous to suggest that if this agreement comes through, India would not be a nuclear power.

Obviously it gives India a nuclear power status," Mr Kerry, who is on a three-day visit to India, said at a brief media interaction organised by non-governmental strategic policy think-tank Observers Research Foundation

(ORF) here. While describing the agreement as a “bold step”, Mr Kerry, a Democrat, said he supported the agreement “in principle.”

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114349

- **India, China step on gas, Aiyar meets oil bosses in Beijing**

Describing China as a strategic partner rather than a competitor, petroleum minister Mani Shnakar Aiyar on Thursday opened a new chapter in Sino-India relations and announced a host of key areas for future cooperation in the energy sector. This includes trading in oil and joint bidding in third countries that will benefit the nations to reduce the burden on the exchequers.

A Memorandum of Understanding (MoU) on Hydrocarbon Cooperation between India and China is expected to be signed to allow cooperation across the hydrocarbon value chain including exploration and production; downstream projects; strategic storage and stockpiling; research and development; conservation; promotion of environment-friendly fuels.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114328

Trade News

- **India gears up to export extra 4 million tonne sugar**

European Union’s (EU) loss is now India’s gain in the world sugar market. India is equipped to meet the world demand of 4 million tonne of white sugar within next 1-2 years after EU’s new regime would cut guaranteed price imports of raw sugar from African, Caribbean and Pacific (ACP) countries from May 22, 2006.

Currently, Indian white plantation sugar (ICUMSA 75-150) has limited overseas markets comprising Indonesia, Sri Lanka, Bangladesh, Pakistan and few parts of African continents, Middle East and Far East.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114043

- **Indo-Korean JSG moots economic partnership pact**

The India-Korea joint study group (JSG) has recommended that the two countries should enter into a comprehensive economic partnership agreement covering trade in goods, services, apart from facilitating trade and liberalisation of investment flows.

The JSG report was signed by commerce secretary SN Menon and Korean deputy minister for trade Joong Keun Kim at the fourth and concluding meeting of the JSG in Seoul last week, an official release said.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114343

- **India, Taiwan to discuss dumping measures**

Indian and Taiwanese trade officials are set to meet here next week and hold talks over New Delhi's anti-dumping measures that are at the centre of a dispute between the two sides.

Taiwan had notified the World Trade Organisation about its complaint in November 2004, and then, in line with the procedure, made a formal request for "consultations" with New Delhi, which were scheduled to be conducted over February 16 and 17, official sources said.

http://www.businessstandard.com/search/storypage_new.php?leftnm=lmnu2&leftindx=2&lselect=1&autono=180735

Sectoral News

- **Bajaj exports to cross Rs 1000 cr**

Bajaj Auto's exports will close this financial year with revenues of over Rs 1000 crore, chairman Rahul Bajaj said on Tuesday. This translates into over 12% of the projected revenues for this fiscal.

"Around 5-6 years back exports were only 2% of our turnover," Mr Bajaj said. "For example, in Sri Lanka, we will end this fiscal by selling over a lakh of two and three wheelers which is about 90% marketshare," he continued.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114160

- **Hero Honda retains world No. 1 position**

India's leading motorcycle manufacturer Hero Honda has retained the 'world No. 1' for five years in a row by selling a record number of motorcycle in the calendar year 2005.

The company sold a total of over 29 lakh motorcycles in 2005 compared to 13,00,899 motorcycles sold in 2001, a growth of 123% in the five-year period, the company said in a statement.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114155

- **VW weighing major expansion plan in India**

Volkswagen AG will make a decision on whether to move ahead with plans for building a new large assembly plant in India within the next year, the German automaker's top executive said.

Bernd Pischetsrieder, chairman of the board of management of Volkswagen AG, said on Monday during an interview at the North American International Auto Show that India is a growing market and an important one for VW.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114156

- **Air-India signs deal with Boeing for 68 aircraft**

National carrier Air-India (A-I) has signed an agreement with Boeing for the purchase of 68 aircraft in a deal which CMD, V Thulasidas termed it as the "largest ever for Indian civil aviation".

The deal, finalised after the Indian cabinet's green signal in December, was valued at around Rs 32,000 crore after a discount of Rs 1000 crore. The aircraft are scheduled for delivery beginning November, 2006. Air-India has not bought aircraft over a decade and currently operates a fleet of 41 aircraft, including that of its low-cost arm Air-India Express.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114227

- **Suzuki back in India; rolls out 2 bikes**

Suzuki Motor Corp has re-entered the Indian two-wheeler market after five years by launching two new motorcycles at the ongoing auto expo here. The Japanese major had exited the domestic market in 1999-2000 after severing its ties with joint venture partner TVS. It has a 74% stake in the new company called Suzuki Motorcycle India Pvt Ltd.

The company has already invested Rs 200 crore in a manufacturing facility at Gurgaon and plans to produce and sell one lakh units in 2006, a number too small for analysts and industry observers to consider it a serious player in the 6-million a year market. The company expects to put in place 70 dealers across the country by March. Initially, it is eyeing over 300 towns and cities for marketing, officials said, adding the dealer network would be subsequently increased in keeping with the demand.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=114443

- **Tata Interactive buys two firms in Europe**

E-LEARNING company Tata Interactive Systems, a division of Tata Industries, has acquired two companies in Europe - Terial Edusoft AG in Switzerland and Tertia Edusoft GmbH in Germany.

These companies have been acquired from the Germany-based Tertia Group, a provider of human resource management solutions in that country, said a news release from Tata Interactive Systems (TIS).

<http://www.thehindubusinessline.com/2006/01/10/stories/2006011002460400.htm>

News Round – Up

- **FDI inflows 60% lower than approvals: PHDCCI**

Though India has been able to attract \$5.5 billion (bn) worth foreign direct investment in 2004-05, the percentage of cumulative actual inflows to cumulative total approvals between 1991 and September 2005 remains below 60%, according to a Phdcci analysis.

The analysis shows that FDI inflows, which stood at \$97 million in 1990-91, reached a peak of \$6.1 bn in 2001-02. In 2002-03, the FDI inflows were \$5.03 bn, which fell to \$4.67 bn in 2003-04, but again rose to \$5.53 bn in 2004-05. Out of \$5.53 bn in 2004-05, the share of equity investment was \$3.36 billion, while reinvested earnings were placed at \$1.81 bn and inter-company debt transactions of FDI entities (other capital) at \$357 m.

http://www.financialexpress.com/fe_archive_full_story.php?content_id=113949

- **11th Plan growth target to be 8-10%**

The Planning Commission will hold an internal meeting on the approach paper to the Eleventh Plan (2007-12) on Friday. The controversy over an appropriate growth target for the Plan period has been put to rest for the moment, with deputy chairman Montek Singh Ahluwalia asking his perspective planning team to work on a gross domestic product (GDP) growth scenario of 8%-10%.

Last month, while Mr Ahluwalia went on record saying that compulsions of coalition politics will not make a growth rate higher than 8% feasible, Dr Singh said that a 10% growth rate was well within reach.

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