

Weekly Economic Bulletin

Date: July 18-24, 2006.

Issue No. 170

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News Feature

Indians bag 100 per cent returns in five years

Rising global interest rate outlook may have jolted the country's stock markets. But for Indian investors, there has been a sharp rise in returns on their overseas investments. Investment income has more than doubled in the past five years.

According to the latest balance of payments figures, income from investments touched \$5.5bn as of March-end, '06, up from \$2.2bn in FY01. Interestingly, the gains have been one of the sharpest in FY06, with investment income jumping almost 25% during the year.

<http://economictimes.indiatimes.com/articleshow/1797987.cms>

Overseas Investment

ICICI Bank offers new service to Bahrain customers

ICICI bank is offering its customers in Bahrain, specially Indian expatriates, a new service to facilitate remittances quickly in view of a new official directive which makes transfer of salaries into bank accounts compulsory.

Money2India Remittance account for customers in Bahrain is a zero balance account that offers quick remittance facilities through branch-based as well as online channels.

<http://www.thehindubusinessline.com/blnus/17171103.htm>

Accenture's fourth R&D centre comes up in Bangalore

IT consulting and services major Accenture has set up its fourth R&D technology lab in Bangalore, which will be conducting research in the areas of systems integration and software engineering.

The company plans to hire about 50 researchers by 2007 selected from the country's leading universities and engineering institutes to staff this facility. This will be expanded to 100 in a phased manner over the next three to four years.

The focus of the lab will be mainly on delivery innovation, according to Mr Scott Rose, Global Managing Director, Accenture Technology Labs. This focus is expected to reduce cost and improve the quality of technology solutions delivered to its global clientele, he added.

<http://www.thehindubusinessline.com/2006/07/17/stories/2006071700830200.htm>

US-based Telenity to open R&D centre in India

Eyeing a share in the growing value-added services market in India's telecom sector, US-based communications company Telenity will set up an R&D centre here with an initial investment of US\$ 6.4 million.

"We will set up an Research and Development (R&D) centre either in Delhi or in Pune by the end of next year to offer application-based services to consumers. We will invest Rs 5 crore in the first phase and increase it to Rs 30 crore in the next 3-5 year s", Telenity CEO, Mr Dilip Singh told PTI.

<http://www.thehindubusinessline.com/businessline/blnus/15171105.htm>

Morgan Stanley Real Estate invests in Alpha Ltd.

Morgan Stanley Real Estate, the real estate arm of global financial services firm Morgan Stanley, on Monday announced investment of about US\$ 65 million in Delhi-based real estate development management company Alpha G:Corp Development Private Ltd.

The partnership with Morgan Stanley Real Estate will allow Alpha to further capitalize on significant growth opportunity and at the same time provide us access to Morgan Stanley's world-class global real estate franchise, Alpha managing director Colonel R S Sodhi said in a statement.

<http://economictimes.indiatimes.com/articleshowcnews/1767475.cms>

Cambridge University Press enters India

Cambridge University Press on Tuesday announced its foray in the Indian publishing segment with its 51 per cent acquisition of city based Foundation Books Pvt Ltd and said it will publish books locally. The move will benefit consumers, as it will r esult in lowering of prices of the company's books.

"We have bought a 51 per cent stake in Foundation Books for about \$6 million and we are targeting a share in the Indian publishing industry, which produces around 20,000 new titles a year," Mr Stephen Bourne, Chief Executive and President, Cambridge University Press, said.

The new entity would be called Cambridge University Press India Pvt Ltd, he said. With a view to offering books at an affordable rate in India, which is a price sensitive market, Cambridge would publish books in India that will cut costs.

<http://www.thehindubusinessline.com/businessline/blnus/14181806.htm>

Indian FDI catches up with the dragon

India may soon have a chance to catch up with China as far as attracting FDI is concerned. Experts predict that foreign investments into China may soon be heading for a downward trend.

A large number of Chinese companies have indicated that their foreign partners are reducing investments in the country, according to a leading global business intelligence and analysis group Stratfor. Foreign direct investment (FDI) declined by 0.7% in the first half of '06 in China compared to India where FDI grew by 158% between January and March '06.

<http://economictimes.indiatimes.com/articleshow/1797960.cms>

Trade News

Textile exports up 17.9 per cent, to touch US\$ 2.8 billion

Despite rigid labour laws and poor infrastructure, Indian textile exports grew by 17.9 per cent in the first two months of this fiscal to touch US\$ 2.8 billion as compared to the corresponding period in the previous fiscal.

"The exports in April grew to Rs 6,867 crore from Rs 5,673 crore in the corresponding period of the previous fiscal. In May, the exports stood at Rs 6,485 crore as against Rs 5,651 crore in May 2005," said Quaiser Shamim, joint secretary, ministry of textiles, after inaugurating the 37th India International Garment Fair.

http://www.financialexpress.com/fe_full_story.php?content_id=134484

Sectoral News

Teri prepares ground for carbon trading for power companies

The Energy Resources Institute along with the Central Pollution Control Board of India and two others has developed accounting norms for greenhouse gas emission for power companies.

"We have developed accounting norms for power companies for greenhouse gases and this is the foundation for them if they want to reap carbon credit benefits," Prasanto Pal, a fellow of Teri told a seminar on Monday.

There are six greenhouse gases like Co2 and methane which are covered under Kyoto Protocol. This protocol is an international agreement that developed nations would decrease the level of pollution by four per cent by 2010 to reduce global warming.

<http://economictimes.indiatimes.com/articleshow/1767521.cms>

Policy-cum-incentive package for manufacturing sector on the cards

A major policy-cum-incentive package aimed at accelerating the growth of manufacturing sector is on the anvil. The package is likely to contain fiscal and non-fiscal measures and another round of liberalisation of FDI approval procedures.

Taking inspiration from the report of the Ratan Tata-led Investment Commission, the finance ministry has already begun inter-ministerial consultations in this regard. Ministries have been asked to give their inputs by August 31, official sources told FE.

http://www.financialexpress.com/fe_full_story.php?content_id=134470

Banks to hit bond street with US\$ 2.1 billion Tier-II issues in FY07

More than eight public sector banks and a couple of private sector players are set to enter the bond market with Tier-II issues to raise over US\$ 2.1 billion in the current fiscal. Despite a robust growth in deposits garnered and credit growth figures not matching the former, banks are still facing a need for additional capital.

With Basel-II not far away, most players focusing on expanding their businesses not just in the domestic market, but also internationally. This has spurred banks to come out with a series of Tier II bond issues in the coming months. Some of these issues will be in the form of hybrid capital instruments, a combination of debt with equity.

<http://economictimes.indiatimes.com/articleshow/1797951.cms>

Indian cargo company shops for US\$ 1 billion worth Boeing planes

In one of the biggest bookings by an Indian aviation firm, a Hyderabad-based air cargo company today placed firm orders for purchase of four Boeing 777-200 freighter aircraft at a price of about US\$ 1 billion.

Flyington Freighters is the first Indian international cargo firm, which plans to launch global operations from this year end with leased planes.

The 945 million dollar deal was clinched with Boeing officials at the ongoing Farnborough airshow in UK by Flyington MD Capt Deepak Parasuraman, who told PTI on phone that deliveries of the 777-200 freighters would begin in the end of 2009.

<http://economictimes.indiatimes.com/articleshow/1778622.cms>

News Round – Up

India Inc. Q1 up 45 per cent

Corporate India completed the first quarter of the fiscal 2006-07 recording an impressive growth of about 45 per cent in net profit.

It showed credible improvement in the margins on 36% rise in sales income, early indicators have shown.

Some of the companies like Mc Dowell, Crisil, Sakthi Sugar, IL&FS, Maharashtra Seamless, TTK Prestige & India Cement have posted impressive results.

Infosys, which performed above expectations, recorded a rise of over 52% in the net profit whereas ING Vyasa also recorded an increase of 61.64 %.

http://www.financialexpress.com/latest_full_story.php?content_id=134657

June quarter jingle: A positive bell

The June quarter jingle has begun; a 32.6 per cent increase in topline and 34.3 per cent jump in bottomline of at least 305 companies appear to ring a positive bell. Profit margins for the initial set of results remained unchanged on a year-on-year basis.

Of the results that flowed over the past week, Kirloskar Brothers, NDTV, Kotak Mahindra Bank, Tata Investment Corporation and India Cements attracted attention for stellar performance.

<http://www.thehindubusinessline.com/2006/07/23/stories/2006072302710200.htm>