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News Feature

Tenth Plan closes in on achieving growth targets

The 10th Five-Year Plan, which ended on 31 March, has come close to achieving the growth targets set at the outset of the Plan by the Planning Commission.

The Plan has ended with an average gross domestic product growth rate of 7.8 per cent, as against 8 per cent estimated for the entire plan period (2002-07). Though the GDP growth is below the 10th Plan target, it is the highest growth rate achieved ever in any Plan period.

However, the performance of various sectors including agriculture, health and education have failed to meet the Plan targets. "If we take out the performance of agriculture in the last five years, other sectors like industry and services were on target," Pronab Sen, Principal Adviser to the Planning Commission, told Business Standard.

He added the average growth for the agriculture sector during the 10th Plan period was estimated at 3.4 per cent, which was below the desired level of 4 per cent for the period.

Another reason to be optimistic is that industry and the services sectors have performed well compared to the Ninth Plan. Industry grew at nearly 8.74 per cent and services grew by around 9.3 per cent in the 10th Plan, as compared to 4.6 per cent and 8.1 per cent, respectively, in the previous Plan. The two sectors were expected to grow at 8.9 per cent and 9.4 per cent annually, respectively.

<http://www.business-standard.com/common/storypage.php?autono=279649&leftnm=3&subLeft=0&chkFlg=>

Overseas Investment

49% FDI cap for credit bureaus likely

The government is likely to cap foreign direct investment (FDI) in credit information bureaus at 49 per cent, as it prepares guidelines for entry of foreign companies in this sector. The sector has become attractive due to the booming retail financial services market.

The government has been considering either 49 per cent or 74 per cent cap, but is more inclined to go ahead with a lower cap to begin with, banking sources said. Credit

information bureaus collect borrower data from banks and financial institutions, both positive and negative, for use by financial institutions subscribing to it.

Experian, which claims to be the only global credit information solutions company, is seeking to launch its subsidiary in India, with several banks including ICICI Bank having subscribed to its analytics and other services.

India already has credit bureau called Credit Information Bureau India Ltd (CIBIL), in which 62.5 per cent is owned by Indian lenders including State Bank of India, ICICI Bank, Housing Development Finance Corporation (HDFC) with 10 per cent stake each. The foreign shareholders in CIBIL include Citicorp Finance, Dun & Bradstreet and GE Strategic Investments.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=27931

Areva T&D to invest Rs 400 cr in 3 years

Areva T&D, a French power transmission and distribution company, will invest around Rs 400 crore in India over the next three years.

The investment will mainly be made in setting up new plants, refurbishment of existing plants, among others.

The company had recently acquired land on the outskirts of Vadodara in Gujarat where it would be setting up its second high-voltage transformer manufacturing unit, at an investment of 35 million Euros (around Rs 200 crore).

Areva, through its Indian arm Areva T&D India, currently has eight units across the country that manufacture and supply a range of power generation equipment, systems and services for all stages in the transfer of electricity.

Its product base range include generator circuit breakers, high-voltage substations and high voltage transformers.

The new unit at Vadodara will be the ninth unit of Areva T&D India, and its second to manufacture transformers, with the first being at Naini near Allahabad. The existing eight units, put together, garner revenues of Rs 1,500 crore a year.

http://www.ibef.org/artdisplay.aspx?cat_id=60&art_id=15213&in=19

Amgen opens subsidiary in India

Amgen, the world's largest biotechnology company, has entered India by opening a wholly owned subsidiary Amgen Technology in Mumbai.

The Indian arm of the US biotech major, started a few weeks ago, will initially focus on clinical development and trials of Amgen's drugs, working with contract research organisations (CROs) in India and East Asia.

Amgen is in the process of forming alliances with domestic companies to support its R&D operations, including preclinical development, data management support and statistical programming, said Mary Klen, associate director, Amgen.

However, she declined to say the investment Amgen plans to make in India.

The \$14.3 billion company, which invests over \$2 billion in R&D every year, has about 26 molecules in the phase I to III stage for the treatment of cancer, asthma, Type 2 diabetes, obesity, pain management, rheumatoid arthritis, CVD and a host of other therapeutic areas.

Amgen plans to launch its products in the domestic market, either directly or through partners. The company is also talking to the domestic firms for collaborations.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=279348

HSMC to chip in \$4 bn for Indian fabs

Hindustan Semiconductor Manufacturing Corporation (HSMC), a Silicon Valley-based semiconductor company on Wednesday announced its plans to invest over \$4 billion in chip foundries in India, with Germany-based Infineon as its technology partner.

Even as Infineon Technologies, a global semiconductor supplier for communications, automobile, security and industry applications, has not announced any plans to infuse equity into the project as of now, its CEO Wolfgang Ziebart told ET that it was open to considering an equity participation 'subject to the final contract'.

HSMC and Infineon have signed a MoU to license its 130 nm CMOS process technology that would help build the foundation for the production of integrated circuits for mobile phones, ID cards and automotives in India. ET in its edition dated February 23 had reported that HSMC would invest over \$4 billion in a semiconductor project in India.

HSMC would soon approach financial institutions and investor groups to raise funds for its mega project. The HSMC Fabcity project would have capacity for 10 foundries and HSMC itself will kick-off the semiconductor project with two foundries entailing a total investment \$4 billion.

http://economictimes.indiatimes.com/HSMC_to_chip_in_4_bn_for_Indian_fabs/articleshow/1825657.cms

Trade News

Booming trade: India's exports to Pakistan surge in April-Nov

India's trade with Pakistan has been growing at a scorching pace with exports during the first eight months of the current fiscal amounting to \$869.15 million. In the whole of 2005-06, the figure was \$689 million.

Official sources told Business Line here that in the current fiscal, India's trade with members of SAARC (South Asian Association for Regional Cooperation) has been booming, particularly with Bangladesh and Sri Lanka and with Pakistan too, thanks to the latter's expansion of its List of Importable Items from India. The list was recently expanded by 302 items to take the total to 1,075.

Though Islamabad has expanded the list in recent months, the basket of major items from India to Pakistan consists of a very few principal products such as machinery and instruments, drugs, pharmaceuticals, fine chemicals, transport equipment, other commodities, primary and secondary iron and steel, paper and wood products and footwear. In fact, according to the export data maintained by the Department of Commerce, out of the export figure of \$869 million to Pakistan during Apr-Nov, 2006, footwear, electronic goods and primary and secondary iron and steel constitute the bulk of items.

<http://www.blonnet.com/2007/03/28/stories/2007032804290100.htm>

Validity of duty pass book scheme extended again

The Centre has extended the validity of the duty entitlement passbook (DEPB) scheme till March 31, 2008. The DEPB scheme was to lapse on 31st March 2007.

This is the second extension of the scheme, which serves about 30 per cent of the country's merchandise exports in value terms. Merchandise exports are expected to touch \$125 billion during fiscal 2006-07.

After specifying March 31, 2006 as the terminal date for DEPB scheme, the Centre had extended its validity to March 31, 2007 and now to March 31, 2008.

The Federation of Indian Export Organisations (FIEO) President, Mr G.K. Gupta, welcomed the latest extension. This would provide more time for the Centre to work out a new duty neutralisation scheme to replace the DEPB scheme if it desired, exporters said.

<http://www.blonnet.com/2007/04/02/stories/2007040203740300.htm>

Centre approves border trade centers for Nagaland

The Centre has approved setting up five Border Trade Centres (BTC) along Indo-Myanmar border in Nagaland to promote trade and commercial activities in the state.

This was stated in the annual administrative report of industries and commerce department tabled in the just concluded state assembly session. The BTCs will be set up at Pangsham, Lungwa and Avangkhu districts.

To promote international trade and commercial activities in the state, five border points have been identified along the international border of Indo-Myanmar. They are Lungwa in Mon district, Pangsha in Tuensang district, Mim in Kiphire district, Mohe, Avangkhu in Phek district, the report said.

In the first phase, trade-related infrastructure facilities are on the anvil at Lungwa, Pangsha and Avangkhu, the report said.

Under the NEC programme, the state PWD (roads and bridges) is constructing road to Pongkhungri to the border point via Avangkhu village.

http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/Centre_approves_border_trade_centers_for_Nagaland/articleshow/1838000.cms

Govt open to reduce duties on luxury goods

The government has said it was open to reducing duties on imports of luxury products in a way, which does not impact the domestic market.

"If the industry comes up with some items on which duties can be brought down without hurting the local industry, we will be happy to look at it," Commerce and Industry Minister Kamal Nath said at the Hindustan Times Mint Luxury Conference.

He said India has high tariffs on imports of items like textiles and leather products because it does not want cheap imports from countries like China to swamp the local market.

Nath said India can look at the tariff model which was applicable to wines and spirits where high value products are subjected to lower duty.

On high duties in wines and spirits, he said: "We do recognise that duties on wines is high. We are looking at lowering tariffs. We are in the advanced of negotiations and the issue will be addressed."

http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/Govt_open_to_reduce_duties_on_luxury_goods/articleshow/1834014.cms

Indian drugs find new markets

In a testimonial to the growing reach of the Indian pharma industry abroad, pharma exports from the country are acquiring a broader base and are on a steady rise in markets other than the European Union and the US.

While Europe and the US continue to have a lion's share in terms of value, exports to Africa and Commonwealth of Independent States (CIS), among others, are growing at an impressive pace in the first half of the fiscal year 2006-07, Dr P.V. Appaji, Executive Director, Pharmaceutical Export Promotion Council (Pharmexcil), told Business Line.

"The growth is clearly visible in the provisional figures for the first half of the current fiscal year. Between April 6 and October 6, exports of drugs, pharmaceuticals and fine chemicals to Africa and CIS grew by 22.83 per cent and 7.06 per cent, respectively, compared to the corresponding period last year," Dr Appaji said.

These markets are becoming significant in value terms as well. While exports to Africa stood at \$402.48 million as the fourth largest export market for India after Europe, Asia and North America, the CIS occupied fifth position with \$215.51 million. Nigeria, South Africa and Kenya are the top markets for India in Africa.

<http://www.thehindubusinessline.com/2007/04/02/stories/2007040203730300.htm>

India-GCC FTA talks in April: Nath

After more than a year's gap, representatives of India and the six-nation Gulf Co-operation Council (GCC) will meet next month to take forward the talks on proposed free trade agreement (FTA). "Talks (on FTA) will be held sometime next month," Commerce and Industry Ministry Kamal Nath said after meeting Prime Minister of UAE Sheikh Mohammed Bin Rashid Al Makhtoum. The first round of talks were held in March 2006 and after that no new date for the talks was communicated by the GCC. A meeting has now been scheduled in April. UAE is an important constituent of GCC, that also comprises Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. In the proposed FTA, India is likely to seek greater safeguards for its chemicals and petrochemical industry. This is being done with a view to protect domestic players who would find it difficult to handle competition, as the cost of crude oil is extremely low in GCC. GCC is one of India's largest trading partners, with exports to this region constituting about 3-4 per cent of the country's global exports and imports from the region accounting for over 20 per cent of global imports.

http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/India-GCC_FTA_talks_in_April_Nath_/articleshow/1812085.cms

Sectoral News

Govt may allow only steel cos to own mines

Steelmaking is in for a major boost as the government plans to make 'value-addition' mandatory for getting iron ore mines. Put simply, mines would be given to only those companies who commit production of steel.

The proposal is expected to be discussed by the group of ministers (GoM) that is evaluating the draft New Mineral Policy based on the recommendations of the Hoda

Committee. This would then again go to the Cabinet for final approval, an official source said.

The proposal, which is expected to be put up by the steel minister before the GoM, would require an amendment to the Mines and Minerals Development and Regulation Act (MMDR), the source added.

The changes are proposed to be implemented with retrospective effect to deter litigation and eliminate chances of past claims over mines from affecting investment by steel companies. Under the new system, the first-come-first-serve principle for grant of mining rights would also be dispensed with and allocation of mines would be done through a process of competitive bidding.

http://economictimes.indiatimes.com/News/Economy/Policy/Govt_may_allow_only_steel_cos_to_own_mines/articleshow/1842049.cms

Railways plans SPVs with Alstom, GE

The government has devised a mechanism to involve private companies in the infrastructure development of Railways even without alienating its Left allies. Indian Railways may soon float a special purpose vehicle (SPV), which would form joint ventures with private firms like Bombardier, GE, Alstom and Siemens, for manufacturing rolling stock, locomotives and coaches.

“The SPV set up for rolling stock will maintain a check on various joint ventures being forged by the Railways. We are looking at having at least 26% stake in the various JVs. We would set up the proposed coach, loco and wheel factories by inviting joint venture partners through a global competitive bidding,” a Rail Bhawan official told ET. The Railways have roped in PricewaterhouseCoopers (PwC) as their global financial consultant, which will analyse the financial feasibility of various JVs formed by the Railways.

According to sources in Rail Bhawan, Bombardier, Alstom, Toshiba and Siemens have shown interest in tying up with the Railways for manufacturing electric locomotives while GE is keen on Diesel locomotives. Similarly, coach manufacturing has also caught attention of Alstom, Rotem and Bombardier.

http://economictimes.indiatimes.com/Railways_plans_SPVs_with_Alstom_GE/articleshow/1830464.cms

Hotel chains to pump in Rs 4,500 crore in 2 years

Hospitality majors are likely to pump in close to Rs 4,500 crore in new projects and expansion over the next two years on the back of a massive growth in business and leisure travel. Indian Hotels (Taj brand), Leela Venture, EIH (Oberoi Group), Kamat Hotels,

Royal Orchid and other leading chains are likely to see room inventory go up by around 6,500.

Global hospitality majors such as Intercontinental, Starwood, Hilton, Accor, Carlson are all stepping up their global offerings in the Indian market given the upbeat demand.

While Leela Ventures is investing around Rs 1,265 crore, Indian Hotels is expected to invest around Rs 1,250 crore. EIH, Kamat and Royal Orchid are expected to invest around Rs 1,150 crore, Rs 365 crore and Rs 500 crore, respectively. A total of 60 new properties across categories are likely to come up in India, sources said.

The country is witnessing a spurt in hotel expansion in the face of severe shortage of quality hotel rooms because of increased business activity and a spurt in leisure travel by the country's middle class as well as international tourists, says Chender Baljee, CMD, Royal Orchid. The demand-supply mismatch is likely to last for another two years with most of the fresh supply coming in 2009.

http://economictimes.indiatimes.com/Hotel_chains_to_pump_in_Rs_4500_crore_in_2_years/articleshow/1825699.cms

US\$ 2.5 billion for rural roads under Bharat Nirman

A massive outlay of Rs 11,000 crore has been earmarked this financial year for laying of rural roads, a key component under Bharat Nirman programme.

The rural roads scheme envisages linking of every habitation with 1,000 population and above with all-weather roads. In case of hilly and tribal areas, the population limit is 500 and above.

Sources in the Rural Development Ministry, which is carrying out the ambitious rural connectivity project through the Pradhan Mantri Gram Sadak Yojana (PMGSY), said.

That 66,802 habitations are proposed to be provided connectivity by 1.46 lakh km new roads, while 1.94 km existing routes are to be upgraded.

During the first two years of Bharat Nirman, launched in 2005-06, as many as 10,303 habitations have been connected by completing construction of 32,590 km new roads and upgrading 36,341 km routes at an expenditure of Rs.4,219.98 crore during 2005-06 and Rs.5,376.28 crore during 2006-07.

http://www.financialexpress.com/latest_full_story.php?content_id=159174

Govt increases agri lending target by nearly 30%

The government has increased the agricultural lending target of banks by nearly 30% to Rs 2.25 lakh crore for 2007-08. The target for 2006-07 was Rs 1.75 lakh crore.

Banks have successfully expanded their short-term agricultural lending during the last few years. During 2006-07, all banks collectively lent close to Rs 1.90 lakh crore, surpassing the target of Rs 1.75 lakh crore, Union minister of state for finance PK Bansal said here on Friday.

Praising banks for having achieved the agriculture loan target, the minister said, "We are in the third phase of financial and banking reform. The reform process has helped banks achieve the target," Mr Bansal said at a seminar organised by Bharat Chamber of Commerce here.

http://economictimes.indiatimes.com/News/Economy/Agriculture/Govt_increases_agri_lending_target_by_nearly_30/articleshow/1835305.cms

Satyam in \$200 mn 5-yr deal

Satyam Computer Services, a leading global IT services company, today signed an estimated \$200 million (around Rs 900 crore) five-year contract with California-based Applied Materials, a global leader in manufacturing microchips.

Satyam will provide application development, maintenance, and support (ADMS) besides business transformation core technology services to the US-based company through a managed services delivery model.

Satyam has provided ADMS and Engineering Services to Applied Materials for more than five years prior to this contract. It received less than \$40 million per year in revenues then. "Now, we are looking at the entire application portfolio," T R Anand, director and senior vice-president, TIMES group (Telecom, Infrastructure, Media and Entertainment and Semiconductors) and Ramesh Shastri, senior vice-president, Satyam, said.

"We believe the managed services model, along with service level agreements, is the right approach for Applied Materials," said Ron Kifer, group vice-president and chief information officer of Applied Materials.

"We expect this model to provide us with a very cost-effective solution for managing IT and business infrastructure processes and activities, as well as measurable service level and quality enhancements. Satyam's mature processes, deep technical capabilities and high level of commitment were the key factors in our decision to engage them in this strategic relationship."

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=279265

News Round – Up

EU mulls civil nuclear energy cooperation with India

The 27-member European Union was keen to explore possibilities of cooperation in civil nuclear energy with India and would extend an economic assistance of 470 million euros to New Delhi in the next five years, a senior official has said.

“We are prepared to explore with India the possibilities of cooperation in civil nuclear energy and it will be done with the concurrence of the International Energy Commission,” Jean Christian Remond, head of India, Nepal and Bhutan department of the EU, told a group of visiting journalists from London.

“We are also extending an economic assistance of 470 million euros to India between 2007 and 2013 at an estimated rate of 67 million euros per annum. “One third of this amount will be directed to implementation of joint action plans in the fields of energy and telecommunication and the remaining as direct support in the fields of health and education,” Remond said.

Describing relations between India and the European Union as “dynamic and healthy,” he said “India is definitely seen as a major global player”.

The EU is seeking greater engagement with India in tackling global challenges of common concern including climate change, UN reform, non-proliferation, promotion of human rights, democracy, regional integration and fight against terrorism.

<http://www.business-standard.com/common/storypage.php?autono=279644&leftnm=3&subLeft=0&chkFlg=>