

Weekly Economic Bulletin

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News Feature

India is top business reformer in South Asia

India is the top reformer in South Asia, according to the annual Doing Business Report, issued by the International Finance Corporation (IFC), the private equity arm of the World Bank.

The country has also got a pat on its back for sharply reducing the number of days it takes to start a business from 71 days in '05 to 35 in '06. But it still lags far behind the countries that have made it easy for business to set up shop, according to the annual survey that ranks 175 countries on the business friendliness of their policies.

<http://economictimes.indiatimes.com/articleshow/1964347.cms>

Overseas Investment

BSNL-MTNL to roll out cable links to Singapore, West Asia

State-run telecom majors Bharat Sanchar Nigam Ltd and Mahanagar Telephone Nigam Ltd are all set to make a splash in the under-sea cable segment.

The two companies have joined hands to build an under-sea cable from India to Singapore and Malaysia and another to West Asia, which will be extended up to the US and Europe. The details of the projects are being worked out.

<http://www.thehindubusinessline.com/2006/09/06/stories/2006090603840100.htm>

TCS, Infy, i-flex take on global companies for Chinese deal

The Bank of China is looking to revamp its IT infrastructure and vendors across the world are bidding to get a piece of the pie. Indian vendors such as Tata Consultancy Services, i-flex Solutions and Infosys are also said to be keen on the contract.

Among the international vendors are names such as Accenture, IBM, who are interested in the deal. The deal is being touted as one of the largest in Asia and alignments across hardware, software and networking equipment are firming up for the various consortium.

<http://economictimes.indiatimes.com/articleshow/1957088.cms>

India on VC radar; US\$ 4.4 billion on the way

It's raining dollars for Indian entrepreneurs, with a large number of US-based venture capitalists lining up a huge kitty of about \$4.4 bn (over Rs 20,000 crore) for investing in the country's startups and early-stage companies.

According to a new study, over 44 US-based VCs have either raised or are in process of raising between \$ 40 and 400 mn for early-stage investments in Indian companies over the next 4-5 years.

<http://economictimes.indiatimes.com/articleshow/1974461.cms>

Spice to invest US\$ 2.5 billion for expansion

GSM service provider Spice Communications on Monday announced a US\$ 2.5 billion expansion plan for the next three years to establish a pan-India presence. The company is 49 per cent owned by Telekom Malaysia and has operations in Punjab and Karnataka circles.

<http://economictimes.indiatimes.com/articleshow/1957087.cms>

Citigroup in US\$ 125 million Indian real estate project

Citigroup Property Investors, a unit of Citigroup, has agreed to be an equal joint venture partner in an Indian real estate project valued at US\$ 125 million.

The global bank will partner India's unlisted Gera Developments Ltd. to develop a residential project in the booming technology hub of Pune in Maharashtra, a statement from Gera said.

http://www.financialexpress.com/latest_full_story.php?content_id=139477

Trade News

India-China trade ties to touch \$20 b: Pranab

Relations between India and China are set to improve on the basis of trade ties, Mr Pranab Mukherjee, Defence Minister, said here on Saturday.

Trade between the two countries, which increased over 30 per cent last year, is expected to go up in terms of scope and diversity, reaching to about \$20 billion, up from about \$18 billion at the moment. China, which is already one of India's more prominent trade partners, will continue to play a vital role on the trade front in addition to contributing significantly to India's initiatives on maintaining stability in the region.

<http://www.thehindubusinessline.com/2006/09/10/stories/2006091003450300.htm>

NZ eyes export of dairy, meat products to India

The New Zealand Trade Commissioner, Mr Paul Vaughan, said that country's industry was keen to export value-added dairy products such as ice creams and famous meat, provided the Indian Government agrees to allow them by changing norms.

<http://www.thehindubusinessline.com/2006/09/07/stories/2006090704550900.htm>

Customs duty collections up 34 pc in April-Aug

The Centre's customs duty collections continue to be buoyant in the current fiscal. The latest data available with the Central Board of Excise and Customs (CBEC) show that customs duty collections have surged by 34.05 per cent during April-August to Rs 34,110 crore compared with Rs 25,446 crore in the corresponding period last year.

<http://www.thehindubusinessline.com/2006/09/06/stories/2006090603720900.htm>

Sectoral News

Big scope seen for engineering services

Booz Allen Hamilton study has estimated an additional us\$ 40 billion opportunity for the Indian IT industry by 2020 from offshoring of engineering services alone.

To realise this opportunity, India needs to develop a multi-pronged strategy which includes build the 'engineering in India' brand, build domain expertise through symbiotic relationships, focus on infrastructure creation, undertake initiatives to improve workforce, leverage local industry 'offsets' and align Government policy and incentives.

<http://www.thehindubusinessline.com/2006/09/06/stories/2006090601840400.htm>

Infrastructure growth shoots up 9 per cent in July

Infrastructure sector grew by a robust nine per cent in July this fiscal compared to 2.3 per cent in the same month last year on account of strong performance in all six core industries.

The cumulative infrastructure output during April-July this fiscal increased to 7 per cent as against 6.1 per cent in the same period of 2005-06, mainly due to double-digit growth in petroleum refining and cement production.

http://www.financialexpress.com/latest_full_story.php?content_id=139454

Biotech revolution: Department shortlists 12 novel projects

Department of Biotechnology is considering 12 novel research projects, initiated by leading biotechnology companies, in the country under the second round of Small Business Innovation Research Initiative (SBIRI) funding.

http://www.businessstandard.com/common/storypage_c.php?leftnm=10&autono=103605

Petroleum refining, cement boost core sector growth by 9 per cent

In what may be called a turnaround by the infrastructure sector, the critical 6-sector index has hit a high growth trajectory of 9% in July '06-07 compared to a measly 2.3 per cent in the same period the year before.

This jump is mainly due to the double-digit growth from the petroleum refining and cements sectors. As a result, the cumulative infrastructure output during April-July this fiscal has increased to 7% as against 6.1% in the same period of '05-06.

<http://economictimes.indiatimes.com/articleshow/1957008.cms>

Surging revenues for private GSM operators

Riding on an exponential growth in subscribers, private GSM mobile operators have recorded a 49 per cent increase in revenues during the first quarter of the current financial year (April to June 2006) as compared to the first quarter of the previous year. The revenues of private GSM mobile operators have risen to US\$ 1.2 billion, according to data released by the Cellular Operator's Association of India (COAI).

<http://www.thehindubusinessline.com/2006/09/06/stories/2006090601810400.htm>

News Roundup

India's back on FII radar

There is good news for investors bullish on India. The country is back on the radar of FIIs. Following the May 11 crash and the subsequent sell off, India remains an attractive destination for most foreign funds with an eye on emerging markets.

For instance, in August, FIIs were net buyers of Indian equities worth nearly \$1 bn. India, in fact, has been receiving the largest chunk of money headed for emerging markets in Asia. The country has received close to \$1.2 bn, or roughly 25%, of the \$5 bn of FII funds that have flowed into Asia in the past couple of months.

<http://economictimes.indiatimes.com/articleshow/1964375.cms>

Foreign investments now over 80 per cent of net inflows

More than 80 per cent of net capital inflows into India in FY06 were foreign investments, compared to 46 per cent in FY05. The increase was primarily because of portfolio investments, which accounted for half of the net capital flows into the country in FY06, compared to 30 per cent the previous year. Relaxations in capital controls over the years seem to have resulted in the shift from debt creating to non-debt creating inflows such as FDI and FII.

<http://economictimes.indiatimes.com/articleshow/1960535.cms>