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News Feature

India to grow 8.75 per cent in 2007/08, says IMF

India is expected to grow by 8.75 per cent in the fiscal year ending March 2008, the International Monetary Fund said, but cautioned that inflation risks remain due to rising global food and fuel prices.

Indian policy makers expect growth close to 9.0 per cent in the current fiscal year and the statistics office released the first official estimate for gross domestic product growth for 2007/08.

"India's Economy has been resilient in the face of heightened global uncertainties, slowing US growth and high world oil prices, and is expected to expand by 8.75 per cent this fiscal year as a result of rising productivity and investment," the IMF said in a report summarising its annual consultation on India's economic policy.

<http://www.financialexpress.com/news/India-to-grow-8.75-in-07-08-says-IMF/268899/>

India's forex reserves up by \$4.356 bn

India's foreign exchange reserves increased by USD 4.356 billion to stand at USD 292.672 billion for the week ended February one.

The reserves have been surging by over USD three billion for the last two consecutive weeks. The forex reserves stood at USD 288.316 billion, up by USD 3.418 billion a week before.

Foreign currency assets stood at USD 283.041 billion, up by USD 3.496 billion for the week as against USD 279.545 billion, the Reserve Bank data stated.

Foreign Currency Assets expressed in US dollar terms included the effect of appreciation or depreciation of other currencies such as the Euro, Pound Sterling and Yen, held in its reserves, it said.

Country's reserve position in the International Monetary Fund decreased by USD 11 million to USD 423 million during the week.

Gold reserves appreciated by USD 871 million to USD 9.19 billion while Special Drawing Rights (SDRs) remained static at USD nine million.

<http://www.financialexpress.com/news/Indias-forex-reserves-up-by-4.356-bn/271103/>

‘Export target for FY09 likely to be \$200 bn’

The export target for the next fiscal could be fixed around \$200 billion, Union Minister for Commerce and Industry Kamal Nath has said.

Speaking on the sidelines of a meeting of exporters organised by the Federation of Karnataka Chambers of Commerce and Industry (FKCCI), Kamal Nath pointed out that the exact export target would be announced towards March-end.

“At present, we feel a 20 per cent growth over this fiscal’s exports target could be realistic,” he added.

This year’s export target has been fixed at \$160 billion. However, a rising Rupee against the US Dollar could hit exports by \$10 billion.

In an effort to reduce exporters’ exposure to the US market and the European Union, the government is looking for trade opportunities in markets like East Asia and Africa.

“The anticipated slowdown in the US will always remain a cause for worry. However, the growth in the domestic market has been satisfactory,” he added.

The minister pointed out that there has been a strong resistance to the proposals to reduce customs duty across the board. “Consequently, we will address these issues on a nation-specific basis,” he added.

For instance, the ASEAN countries could pose a strong challenge to India’s agriculture sector.

“We are looking at various possibilities. We could consider reducing customs duty on various product ranges of other countries provided they reduce duties on goods imported from India,” he stated.

http://www.businessstandard.com/common/news_article.php?tab=r&autono=313056&subLeft=1&leftnm=3

Overseas Investment

Trai may raise FDI cap for FM radio

The Telecom Regulatory Authority of India (Trai) is likely to meet a long-standing demand of FM radio broadcasters by recommending an increase in the Foreign Direct Investment

(FDI) limit and allowing their entry into news and current affairs to the ministry of information and broadcasting.

At present, the FDI limit for FM radio companies is 20 per cent. A senior Trai official has indicated that it could recommend an increase between 26 and 74 per cent. "The effort is to go towards 74 per cent in line with most other sectors," the official said.

The regulator is due to finalise its recommendations on the third phase of expansion of the private FM radio sector this week. Trai expects another 700 FM stations to open across 237 towns.

In the first two phases, 37 radio companies were given licenses to open over 260 FM stations across 91 cities. As of now, nearly 200 FM stations are operational.

FM radio broadcasters have been petitioning to air news and current affairs to diversify their content that is largely centred on playing recorded music.

"There were proposals to allow news as a fixed time slot on the FM channels and also of sourcing news from credible sources like All India Radio, Press Trust of India and Reuters. But Trai will recommend opening up news on FM radio," the Trai official said.

http://www.business-standard.com/common/news_article.php?leftnm=3&bKeyFlag=BO&autono=312774&chkFlg=

FDI in composites industry to touch US\$ 253.06 million in 4-5 years

Foreign investment in the sunrise composites industry, currently around Rs 700 crore, is set to cross the Rs 1,000-crore mark in the next 4-5-years, the International Conference & Exhibition on Reinforced Plastics (ICERP) Chairman Pradip Thakkar said.

Large foreign firms like Owens Corning have already invested substantial amounts and there are various MNCs like Dupont, Pentair, DSM, etc who have entered the Indian market with large investments, Thakkar said, while inaugurating the ICERP 2008 conference.

The industry is looking for government support especially with regard to fiscal incentives, research assistance and to create a greater awareness with regard to the use of composites in various industries especially pipes for water and sewage transportation, chemical tanks and equipment as also defence applications.

The government is committed to facilitating development of Indian composites industry through the latest direct research provided by technological institutions, Principal Scientific Advisor R Chidambaram said.

State-run Technology Information, Forecasting and Assessment Council, has set up a composite application unit at IIT, Kharagpur, which is industry-oriented and designed specifically for the development of new composite technologies, Chidambaram, who is also TIFAC Chairman, said.

The world reinforced plastics industry is estimated at about USD 85-billion and there is a huge untapped market for reinforced plastics in India. It is estimated that the volume would go up to 8,00,000 tonnes by 2020.

<http://economictimes.indiatimes.com/News/Economy/Foreign Trade/FDI in composite sites industry to touch Rs 1000-cr in 4-5 yrs/articleshow/2765174.cms>

Trade News

Action plan to strengthen bilateral ties with Maldives

A six-point action plan to put India-Maldives economic relationship on a firm footing has been suggested by the Minister of State for Commerce, Mr Jairam Ramesh, following his recent two-day visit — as part of the efforts of the Prime Minister, Dr Manmohan Singh's, quest to redefine the country's economic relationship with its neighbours.

Mr Ramesh said foremost is the fact that the extant 1981 Trade Agreement has run its course and does not reflect the deep changes that have occurred in both the countries.

As such, he said, both the countries would set up a joint working group to prepare, in the next three months, a roadmap for a comprehensive economic partnership agreement on which negotiations could start, encompassing trade, investment and services.

<http://www.blonnet.com/2008/02/06/stories/2008020651532100.htm>

Kamal Nath for greater trade with Kyrgyzstan

The Union Minister of Commerce and Industry, Mr Kamal Nath underscored the importance of improving bilateral trade between India and Kyrgyzstan, as both the countries are traditionally close.

This was also reinforced by close political rapport and meaningful economic cooperation. Both sides discussed steps for increasing bilateral trade in the areas of food processing, textiles, agriculture, science & technology, tourism, chemical, and pharmaceutical.

Pointing out the difficulties faced by the Indian businessmen in obtaining the Kyrgyzstan visa, Mr Nath sought a streamlined and faster clearance. He also invited Kyrgyzstan investment in India in view of the excellent investment climate and the opportunities available for the companies to take advantage of.

Mr Nath also stated that “Indian skills and capacity in the IT are now globally acknowledged and we can share our expertise in this area with your country”.

<http://www.blonnet.com/2008/02/07/stories/2008020752231000.htm>

India-Turkey trade grows 300% in five years

Turkey-India trade has increased by over 300 per cent in the last five years and there is potential for significant upsurge with Free Trade Agreement (FTA) between the two countries at advanced stage of negotiations.

“We are keen on the FTA going through as this would further accelerate bilateral trade across different segments between the two countries,” Mr Ali Babacan, Foreign Minister of Republic of Turkey, said.

In absolute numbers, the overall trade between the two countries was up from \$800 million to \$2.6 billion and with Turkey also poised to be part of the European Union and signatory to the Uniform Customs Union, there is potential for new segments.

<http://www.blonnet.com/2008/02/08/stories/2008020851190500.htm>

India, Malaysia start talks on trade agreement

India and Malaysia began negotiations on opening their Markets through an agreement, which will, not only cover trade in goods and services but also investment.

The first meeting of the Trade Negotiating Committee (TNC) on signing a Comprehensive Economic Cooperation Agreement (Ceca).

“The main agenda at the meet includes the overall architecture of CECA, range covered, the timeline, working group etc,” Indian envoy to Malaysia Ashok Kantha said.

The TNC is also the co-chair of the India-Asean Free Trade Agreement negotiations. Malaysia, which is keen on CECA with India, has taken a tough stand in the India-Asean talks demanding more market access for its palm oil.

Ceca negotiations between India and Malaysia are expected to be completed by the end of 2009, Kantha said. He added that meeting, attended by department of commerce joint secretary P K Dash from the Indian side, and Malaysian international trade and industry ministry's deputy secretary general (trade) Rebecca Fatima Maria, will set the tone for the Ceca negotiations. Kantha said Ceca "will be a single undertaking with everything covered under it."

India and Malaysia last year adopted the report of a joint study group recommending the setting up of Ceca. The JSG recommended the India-Malaysia Ceca would cover trade in goods, services, investment and other areas of bilateral economic cooperation and partnership.

The JSG recommended that the negotiations on all parts of Ceca may commence simultaneously as a way forward towards signing of the agreement.

<http://www.financialexpress.com/news/India-Malaysia-start-talks-on-trade-agreement/268987/>

Remove hurdles from India-Russia trade: FICCI

India-Russia trade can cross the targeted \$10 billion by 2010 and further increase to \$20 billion by 2015, if issues related to credit risk, high ECGC coverage cost, insurance cover, Russian ban on farm items import, registration time for pharma products and investments safeguards are addressed, said a FICCI Survey on obstacles to trade with Russia.

On the eve of the visit of the Russian Premier to India, the chamber has expressed concern regarding the challenges that Indian exporters face in the absence of letters of credit.

"In such cases, Russian importers are asked to pay an advance payment upfront with the remaining amount being paid after the execution of the export order.

"In the past, Indian exporters have faced problems in receiving the balance payments from their Russian counterparts," noted FICCI.

The chamber has suggested that the Government should encourage Indian banks to negotiate with the Russian banks on developing a coherent system involving Letter of Credit.

It has also sought credit reports for companies from the banks on behalf of which they conduct transactions.

For the domestic pharma industry, FICCI has also asked for lesser time for registration of generic pharmaceutical products of Indian companies, which takes longer time in Russia.

<http://www.thehindubusinessline.com/2008/02/11/stories/2008021151220300.htm>

Trade possibilities in tea sector with Egypt, Israel

An Indian business delegation to Egypt and Israel would explore trade possibilities in the North East, particularly in the tea sector.

The delegation, which would tour the two countries till February 16 includes a tea planter from Assam, Bidyananda Barkakoty.

Barkakoty, who is the vice president of North Eastern Tea Association (NETA), was scheduled to interact with importers, traders and concerned tea officials of these two countries.

Barkakoty said that Egypt could be a viable market as it consumes CTC tea and Assam's 90 per cent tea production was of this variety.

The promotion of Assam Tea in the international market was feasible for its "uniqueness" in the sense that it was "strong, bright and full-bodied liquour", he said.

Tea is the lifeline of Assam's economy and it is in everybody's interest that the tea industry should be healthy and grows.

Barkakoty was selected by the Indian Institute of Entrepreneurship under the Ministry of Micro, Small and Medium Enterprises

<http://economictimes.indiatimes.com/articleshowarchive.cms?msid=2769637>

Sectoral News

Animation industry may touch US\$ 950 million by 2009

With global players like Walt Disney, Imax, Warner Bros signing contracts with Indian animation companies for outsourcing and co-production, it is expected that the animation industry in India can touch \$950 million by 2009 and is expected to grow at a fast pace over the next five years.

However, outside the Industry there is scepticism about the pace of growth because of the challenges like piracy, lack of intellectual property (IP) protection rights, acute lack of resources and investments the Industry is facing.

In an interaction with Business Standard, KPMG Advisory Services (P) Ltd Director Jaiddep Ghosh said, "Although India is the largest media consuming market in the world, only 1 per cent of the US market size which is estimated at \$10 billion, so far the animation is concerned, it is currently pegged at \$600 million".

http://www.business-standard.com/common/news_article.php?leftnm=8&subLeft=1&chklogin=N&autono=312529&tab=r

Bioinformatics market to double by 2010

The Indian bioinformatics market is poised to double by 2010 - from \$32 million (Rs 120 crore) to \$62 million (Rs 240 crore) by 2010, according to a report by research firm Value Notes Outsourcing Practice.

Bioinformatics means the application of information sciences to biology. It deals with creation and maintenance of extensive electronic databases on various biological systems.

The survey - Bioinformatics outsourcing for life sciences: India Opportunity - noted that the need to optimise costs and increase research has led to the increased adoption of bioinformatics tools and services.

The global bioinformatics market is expected to grow at a CAGR of 16 per cent over 2007-2010, which will catalyse the Indian bioinformatics outsourcing market to grow at 25 per cent per annum during 2007-2010. Around 90 percent revenues of the Indian bioinformatics market is derived from outsourcing activities, the report said.

http://www.businessstandard.com/common/news_article.php?leftnm=1&autono=312864

Amusement industry to see investment of Rs 10,000 cr by 2020

Investments to the tune of Rs 10,000 crore are likely to flow into the domestic amusement and leisure sector by 2020 with about 500 new parks are expected to come up across the country by then, an industry body has said.

"The Rs 4,000-crore Indian amusement and leisure industry expects fresh investment of Rs 10,000 crore by the year 2020. In terms of employment generation, the new parks are likely to create jobs for six crore man-hours per month," Indian Association of Amusement Parks and Industries (IAAPI) President V G P Ravidas said in a statement.

The domestic industry is estimated to grow by six per cent per annum till 2009-10. Currently, the over 150 amusement, water and snow parks in the country see footfalls of 50 million visitors annually.

The government should reduce entertainment tax and confer industry status to the Indian amusement industry, making it an integral part of the tourism department at the Centre, he said. Factors such as monsoon and cold weather affect the industry and in a year, only 100 days are the 'peak season' for the parks, he added.

http://economictimes.indiatimes.com/News/Economy/Indicators/Amusement_industry_to_see_investment_of_Rs_10000_cr_by_2020/articleshow/2771183.cms

Spice exports jump 19 per cent

The country exported 318,635 tonnes of spices worth Rs 3,155 crore (\$781.07 million) during April-December of the current financial year, registering a growth of 19 per cent in volume and 23 per cent in value.

It has so far achieved 84 per cent of the 380,000-tonne target set by the Spices Board for the ongoing financial year. In value term, 88 per cent of the Rs 3,600-crore (\$875 million) target has been achieved.

While exports of chilli, black pepper, coriander, fennel, fenugreek, mint products, and curry powder and paste have risen during the nine-month period. Value-added products such as curry powder, spice oils and oleoresins have also performed better this year.

According to a Spices Board estimate, 18,500 tonnes of coriander (valued at Rs 75.41 crore) was shipped during the period against 15,080 tonnes (Rs 55.35 crore) showing 23 per cent increase in volume and 36 per cent in value.

http://www.businessstandard.com/common/news_article.php?leftnm=0&autono=312683

ICT market to reach \$24.3 bn by 2011: Gartner

Driven by increased use of technology by small and mid-sized businesses, the country's information and communication technology market is estimated to grow 20.3 per cent annually to reach USD24.3 billion by 2011, industry research firm Gartner said.

"The growth will be driven by chief information officers (CIOs) continuing to build and consolidate the basic IT infrastructure, in addition to small and mid-size businesses increasingly leveraging technology to drive business growth and efficiency," it said.

The total Indian ICT market was 9.6 billion dollar in 2006, including hardware and software.

Though worldwide IT budgets are expected to increase by 3.3 per cent in 2008, slightly higher than 2007, the Indian firms would report stronger-than-average IT budget increases of around 13 per cent.

http://economictimes.indiatimes.com/News/News_By_Industry/Media_Entertainment/Information_and_communication_technology_Market_to_Reach_243_bn_by_2011_Gartner/articleshow/2762443.cms

News Round – Up

Remote infrastructure management to become US\$ 15 billion opportunity for Indian IT: Nasscom

Remote infrastructure management (RIM) is poised to become a \$13-15 billion opportunity for the Indian IT industry in another five years, according to a latest report by Nasscom and McKinsey.

The industry is also expected to create 3.25-2.75 lakh jobs in the same time. India's current share of the RIM market stands at about \$3.2-3.6 billion.

The study said that RIM, as an independent industry, could realise \$26-28 billion in revenues by 2013. While 70-75% of infrastructure management roles can be outsourced, thus spelling an addressable market of \$96-104 billion, the report said that vendors and captives in low-cost locations have captured only \$6-7 billion of the RIM market so far.

“RIM is a mission critical service requiring sophisticated tools and reflects high customer confidence and relationships. By increasing RIM services the Indian IT industry is moving towards becoming a fully-integrated service provider,” said Nasscom president Som Mittal.

http://economictimes.indiatimes.com/Infotech/ITeS/Remote_infrastructure_management_to_become_15_bn_opportunity_for_Indian_IT_Nasscom/articleshow/2765284.cms

Top 500 firms log US\$ 479.49 billion income in FY-2007

Continuing on high growth path, corporate India posted an over Rs 19,000 billion of total income in fiscal 2007, reflecting strong fundamentals and positive outlook for the economy.

As many as four state-run oil firms have emerged among the top five companies in the country in terms of total income for fiscal 2007. Reliance Industries is the sole representative of the private sector among first five.

The aggregate total income of all the Top 500 companies has grown 28.4 per cent to Rs 19,335 billion in FY07 as compared to the previous fiscal, a report by leading global business information provider Dun & Bradstreet said.

State-run Indian Oil Corporation is at the top with a total income of Rs 21,63,97.85 crore, which grew 22.5 per cent followed by Reliance Industries with Rs 1,12,171 crore in fiscal 2006-07.

The other state-run firms in the top five include - Bharat Petroleum Corporation Ltd, Hindustan Petroleum Corporation Ltd and Oil and Natural Gas Corporation reporting Rs

98,293.4 crore, Rs 89,725.7 crore and Rs 60,870.61 crore total incomes respectively in the last fiscal.

"Reflecting the growth opportunity inherent in the Indian economy and the ability of India Inc to capitalise on that, we saw over 20 per cent new companies make it to the top 500 list this year. These 103 new companies that debuted on the list witnessed a 58 per cent increase in their cumulative total income," Dun & Bradstreet (India) Chief Operating Officer Kaushal Sampat said.

Besides, public sector companies rule the roost in terms of market capitalisation with 54 of them featuring in the top 500 list, commanding a higher share of 25.2 per cent in the combined market cap of the Top 500 companies.

The report revealed that almost 51 per cent of cumulative total income came from four sectors, namely oil-refining & marketing, banks, software & ITes and automobiles.

http://economictimes.indiatimes.com/News/News_By_Company/Top_500_firms_log_Rs_19000_bn_income_in_FY-07/articleshow/2758823.cms