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News Feature

PM terms G-20 summit as 'very successful'

Describing the G-20 summit as 'very successful', Prime Minister Manmohan Singh said that this had marked a shift in balance of economic power in favour of emerging economies.

There was one important significance, which is clear that the balance of power is shifting increasingly in favour of emerging economies, Singh told reporters accompanying him in his special plane on way back from Washington, where he attended the G-20 summit.

"We were previously also invited for the past couple of years for the G-8 meetings. But consultations were merely for the sake of form. For the first time there was a genuine dialogue between many of the developed countries and the emerging economies," he said.

This was confirmation of a shifting balance of economic power and the western world has at long last got to realize this reality, Singh said.

"This is a positive gain. Also before I went when President (George W) Bush spoke to me first about his idea I had mentioned to him that there was a risk that if the meeting was not well-planned it could be counter-productive.

"Also I was worried that Europeans and Americans may not not be able to agree and similarly the emerging countries may not receive the attention that we would like them to get in which case it would be a clear picture of dissension which would not be good for handling the financial crisis or its aftermath that is on the horizon," he said.

Singh said the G-20 meeting could be described as very successful. There was no attempt to score partisan points.

<http://www.financialexpress.com/news/pm-terms-g20-summit-as-very-successful/386395/>

IIP grows 4.8% in September

The manufacturing sector grew by 4.8 per cent as against 7.4 per cent last year. Electricity sector growth remained almost the same at 4.4 per cent as against 4.5 per cent in September 2007. The mining sector improved its performance by indicating 5.7 per cent growth as against 4.9 per cent.

Terming the IIP figures encouraging, Finance Minister P Chidambaram said the growth in consumer goods has been a satisfactory 5.6 per cent as against -0.2 per cent in September 2007.

"The growth in the capital goods sector has been an impressive 18.8 per cent as against 20.9 per cent in September 2007. After the poor results reported for the month of August 2008, the quick estimates of IIP for the month of September 2008 are more encouraging. I say this even while I maintain that data collection must be improved and made more relevant, contemporary and universal," Chidambaram said.

The cumulative increase in industrial production during April-September 2008 period was 4.9 per cent as against 9.5 per cent during the corresponding period last year.

The IIP rose by 1.3 per cent in August 2008 as against 10.9 per cent during the corresponding period last year.

<http://businessstandard.com/india/storypage.php?tp=on&autono=49389>

Overseas Investment

Bharti Wal-Mart to open stores by June 2009

Bharti Wal-Mart, grocery and retail chain operator, will be going ahead with its plans to launch its cash and carry stores despite the current market instability, said Raj Jain, managing director and chief executive officer, Bharti Wal-Mart.

The company was fully committed to its long-term investments in India, he added. Bharti Wal-Mart is a joint venture between Bharti Enterprises and US retail giant Wal-Mart.

The company signed a Memorandum of Understanding (MoU) with the Punjab government to jointly establish the Bharti Wal-Mart Skill Centre (BWSC) for providing training on technical skills regarding modern retail and allied sectors like logistics, supply chain and other support services.

Speaking on the occasion, Punjab Chief Minister Parkash Singh Badal said that the BWSC being set up in Amritsar would certainly act as a catalyst to promote economic and social development of local communities by imparting technical training and certification on modern retail and its allied sectors.

The joint venture, which is for wholesale cash-and-carry and back-end supply chain management operations in India, is scheduled to open its first store in Punjab in the first quarter of the next financial year. "We will be opening our first store in Punjab between April and June next year," Jain said. The company is at present in the process of building stores in Amritsar, Jalandhar and Ludhiana.

A conventional cash and carry store will occupy 50,000 to 100,000 sq. feet and sell a wide range of fruits and vegetables, groceries, footwear, clothing and other general merchandise. The joint venture would open 15 stores in the next seven years and employ 5,000 people over the same period as according to plan.

<http://www.business-standard.com/india/storypage.php?autono=340039>

Delphi Corp to invest Rs 250 cr near Chennai

Electronics manufacturing facility to go on stream by next year.

Automotive component manufacturer Delphi Corporation announced setting up of its electronics manufacturing facility in Oragadam, about 40 km from here.

The new facility will go on stream in the end of next year, and will be put up at an investment of Rs 250 crore, in phases, over the next five years. From the 10-acre site, Delphi would manufacture electronic products in areas of controls and security, safety and entertainment and communications.

In the first phase, the plant will produce immobilisers, body computers, instrument cluster and driver information systems, followed by safety and entertainment products.

Addressing the media, the President (Electronics & Safety), Asia Pacific of the company, Mr Jeffrey J. Owens, said the Chennai facility is the fifth manufacturing plant of the company. While three facilities are in Delhi, the fourth is in Bangalore.

Besides, Delphi also has a Technical Centre in Bangalore. With the Chennai facility, Delphi completes spectrum in terms of its presence in India.

“In the Asia-Pacific region, India is the country with great promising growth opportunities. Increasing income levels and availability of capital and expanded new vehicle offerings have been driving the growth. Besides, India is becoming a hub for development and manufacturing of small cars,” he said.

The electronics manufacturing facility would cater to the requirements of vehicle manufacturers already operating in India.

“Those manufacturers, who are in the process of locating to India are in discussions with us,” said the President and Managing Director of Delphi India, Mr Ashok B. Ramaswamy.

<http://www.blonnet.com/2008/11/11/stories/2008111150020300.htm>

Trade News

Partner country' status for Pak in India International Trade Fair

The country's 'flagship exhibition' showcasing India's diversified industrial prowess and technological excellence through the India International Trade Fair (IITF) would be inaugurated by the Vice-President, Mr Hamid Ansari, on November 14.

Announcing this, the Chairman-cum-Managing Director, India Trade Promotion Organisation (ITPO), Dr Sheila Bhide, said the two-week-long trade fair would have participation from 38 countries and the twin themes of this 28th annual fair are 'infrastructure' and 'women's empowerment'.

In consonance with the Government's commitment to promote closer ties with the neighbouring countries, Pakistan has been accorded Partner Country status, while Asean countries have been selected as the focus region for the forthcoming fair, reflecting the imminent sealing of the India-Asean free trade agreement, she added.

She said Orissa is participating as a partner State, while Kerala is the focus State, while all other States and Union Territories will also highlight their potential and existing endowments to woo investors, both domestic and foreign.

Asked about the revenues accruing to ITPO in conducting the annual trade fair, Dr Bhide said that, "we do make profits" but "we also cross-subsidise" holding India shows abroad for the benefit of Indian companies. She said that more than that, even within the country, certain promotional exhibitions such as 'arogya' (for health) and the one on highlighting environment and clean technology, which ITPO would be organising in December, would be fully funded by the ITPO.

She said that for the first time, the fair proposes to organise "structured" meeting for overseas and domestic delegation and buyers in line with best international practices being followed by other trade promotion agencies abroad.

This facility of pre-arranged business-to-business meetings at a dedicated Domestic Business Visitors Lounge would be for the entire duration of the fair that would last till November 27, Dr Bhide added.

<http://www.blonnet.com/2008/11/12/stories/200811251970700.htm>

India high on US growth agenda'

The US Assistant Secretary for Trade Promotion, Mr Israel Hernandez, has said the new US administration led by President-elect Mr Barack Obama will continue to focus on bilateral trade and strengthening ties with India.

Observing that India was among top 20 of the US' trading nations, he said last year the bilateral trade stood at \$ 42 billion and is growing annually at 20 per cent.

"India, China and Middle East are key pockets for growth for us. We would like India to be among the top ten trading partner," Mr Hernandez told.

Asked about Mr Obama's stance on outsourcing during the electoral campaigns, he said, "Mr Obama has identified relationship with India as strategic and significant. While I cannot speak for the stance, but I will add that moving ahead in the 21st century relationship with countries like India are crucial for growth".

Mr Hernandez is on a visit to India with a team of 13 small and medium firms' representatives on a trade mission to forge new partnerships in the areas of energy, power, healthcare and education. They will travel to Mumbai, Hyderabad besides Delhi.

“The growth here is historic and there is a lot of interest among American companies to set it foot here,” he said.

<http://www.blonnet.com/2008/11/11/stories/2008111152190700.htm>

FTA with Asean on Dec 17

India would sign Free Trade Agreement (FTA) with Asean on December 17 signalling a greater political and strategic partnership between south-east Asia and New Delhi, minister of state for commerce Jairam Ramesh said.

Prime Minister Manmohan Singh would sign the pact in Bangkok, sending out an important political signal that India is integrating with rest of Asia, Ramesh told on the sidelines of a function here. India enjoys a substantial trade deficit with Asean (Association of South East Asian Nations). While Indian exports to the ten-nation group was to the tune of \$16 billion in 2007-08, Indian imports from that region was of the order of \$24 billion during the same period.

“In spite of the trade deficit, we are going ahead with signing FTA in goods as a signal that India is integrating with rest of Asia which is the most economically prosperous part of the world,” the minister said.

“Once FTA in goods is signed, negotiations will begin on signing a similar agreement in services in which India has a comparative advantage, and we will also have FTA in investment,” he added.

According to FTA, import duty on tea and coffee is to come down from 100 % to 50%, that of pepper from 70% to 50% by the year 2018. Ramesh said he has submitted an action plan to the Prime Minister last week to strengthen Indian tea, coffee and pepper industry over a ten-year period in order to meet the consequences of India-Asean FTA, and face competition, particularly from Vietnam.

<http://www.financialexpress.com/news/fta-with-asean-on-dec-17/383988/>

PM calls for early conclusion of BIMSTEC free trade agreement

Pitching for early conclusion of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Free Trade Agreement Prime Minister Manmohan Singh today said countries in Asia should give a new strategic thrust to the cooperation in the backdrop of global financial crisis.

“We should do something visible in the area of trade and economic cooperation as a manifestation of our ability to do something big together,” he said while inaugurating the BIMSTEC summit.

Observing considerable progress has been made towards BIMSTEC Free Trade Agreement for trade in goods, Singh said early conclusion of such an agreement would be a shining example of cooperation among the members.

<http://businessstandard.com/india/storypage.php?tp=on&autono=49449>

UK trade delegation to visit India this week

Faced with economic downturn, a team of representatives from 14 companies based in Birmingham and other cities in the west Midlands will visit India this week to explore new business opportunities.

The team includes representatives from legal, financial and business services firms. The visit has been organised by the Birmingham Chamber of Commerce and Industry and UK Trade & Investment's Birmingham international trade team.

"In India there are moves towards opening up the provision of legal and other professional services to foreign providers, an area in which cultural and historic links are particularly important for the UK and especially the West Midlands," UK Trade & Investment international trade adviser and mission leader Steve Cunnane said before leaving for India.

The delegation is scheduled to meet key members of the Indian legal and business community and participate in a high profile reception at the British High Commission.

The team also includes Richard Hutchins, economic development director of Advantage West Midlands, a regional development agency.

<http://businessstandard.com/india/storypage.php?tp=on&autono=49497>

India clinches FTA deal with South Korea; pact likely in Dec

India is closer to signing a free trade agreement with South Korea, giving the country an opportunity to aggressively engage within Asia when the US and European economies are in turmoil.

"The deal is done and the agreement will be signed by December," a senior Commerce Ministry official told on the sidelines of a FICCI function.

While India does not need a Parliamentary approval for a trade pact, South Korea would need a green signal from its National Assembly.

"It will go to our Cabinet while the Koreans would need a nod from their National Assembly," the official said, adding that the process of verification of the documents would be completed by November 18.

The India-South Korea FTA would break duty barriers for over \$11.2 billion bilateral trade. Over 90 per cent of the items under trade would be covered in the agreement, which is likely to come into effect in 2009.

India's engagement within Asia is set to grow with the help of the trade-opening agreements reaching final stages with ASEAN. Besides an umbrella pact with the 10-nation bloc, there would be individual deals with several member countries like Indonesia and Malaysia.

<http://businessstandard.com/india/storypage.php?tp=on&autono=49371>

Sectoral News

Indian food industry may bag Rs 4,40,000 cr order by 2015

The Rs 880,000 crore Indian food industry, could bag the additional Rs 4,40,000 crore (\$100 billion) opportunities by 2015, if coordinated policy level initiatives of the government, industry-government partnership and collaboration with farmers are finetuned in the areas of production, processing, marketing, supply chain, infrastructure development, technology upgrade and education, according to a FICCI-Technopak study.

Alongside, serious efforts need to be made to promote Indian food items at international level by the government and the industry, industry chamber FICCI said in a statement.

<http://businessstandard.com/india/storypage.php?tp=on&autono=49475>

Biocon invests Rs 100 cr in R&D

Biotechnology major Biocon will be investing Rs 100 crore in the next fiscal in enhancing its Research and Development to keep pace with increased orders from multi-national firms as leading global firms have cut down on their expenditure of R&D.

"We will be investing Rs 100 crore in 2009-10 for enhancing our Research and Development," Biocon Chairperson and Managing Director Kiran Mazumdar Shaw told on the sidelines of India Economic Summit. The company has earmarked an investment of Rs 60 crore for the current fiscal, she added. "We have seen an increase in research activities coming to our company during the current financial crisis as there has been a pressure on big pharma companies, mainly from western world, to cut expenditure on R & D," Shaw said.

The current economic downturn has not affected Biocon much, she added. On the source of funding the expansion plan, she said, it would be through internal accrual. When asked about the company's forecast during the current fiscal Shaw said, " We will meet what we had internally forecasted.... It will be a double digit growth".

On its R and D programme she said, two of its molecules for the treatment of diabetes and psoriasis is under development and have entered in phase-III of clinical trials.

http://economictimes.indiatimes.com/Biotech/Biocon_invests_Rs_100_cr_in_RD/articleshow/3722997.cms

India to strengthen rural tourism

India plans to strengthen its rural tourism project so as to expose the country's unique rural way of life to foreign visitors.

Describing the rural project as "responsible tourism", Tourism Secretary Sujit Banerjee said: "This is a very innovative rural tourism project which positions India's rural way of life as a unique visitor experience."

"Now we are going into wellness, cruise, rural, adventure and faith tourism," Banerjee said.

He also said that the current global financial downturn will not affect the burgeoning tourism industry in the country.

"We are absolutely hopeful that we'll be able to overcome the current economic downturn and have robust growth rate in tourism," he said.

The Secretary said the Tourism Ministry will strive to reduce hotel tariff and bring hospitality sector on par with infrastructure sector.

"We have requested the hoteliers to reduce the tariff by 10 to 15 per cent and urged the Reserve Bank of India to put the hospitality sector on par with the infrastructure sector rather than the real estate sector to bring down rate of interest for hospitality sector," Banerjee said.

He said the total requirement of rooms for tourists in India is estimated at 2.5 lakh whereas "we have only 90,000 rooms throughout the country."

On assaults on foreign tourists, Banerjee termed the incidents as "unfortunate" and said that all efforts would be made to provide safety and security to foreign tourists.

http://economictimes.indiatimes.com/News/Economy/Policy/India_to_strengthen_rural_tourism/articleshow/3707945.cms

GSM subscriber base keeps rising

Notwithstanding the gloom in the economy, growth in mobile subscriber base continues to increase by leaps and bounds. GSM operators added a record 8 million new users in October. This is the highest ever-monthly addition till now. The previous best was in September when 7.7 million new GSM subscribers were added.

Mr T.V.Ramachandran, Director General, Cellular Operators Association of India, said that with the cumulative GSM subscriber base already at an estimated 242 million, the GSM sector would by itself cross the historic 250 million milestone by December.

The biggest gainer during October was Bharti Airtel with 2.7 million new subscribers. Vodafone Essar added more than 2 million new users. This takes Airtels' total user base to 80 million while Vodafone is at 56 million. State owned BSNL managed to get 6.7 lakh new users, taking its total tally to 39.8 million.

<http://www.blonnet.com/2008/11/12/stories/2008111251670401.htm>

News Round – Up

Business leaders pin hopes on India

Over 800 gather for the India Economic Summit.

The buzz was unmistakable at the Taj Palace Hotel. While the world economy crumbles, India still holds out hope, top business leaders prophesied. Local demand will drive high single-digit growth and companies will expand and create jobs.

"India is still shining. Given the current situation, I am sure at least 150 finance ministers from all over the world will give their left hand and left leg to get that growth," said Bajaj Auto Vice-Chairman Madhur Bajaj.

Confederation of Indian Industry President and ICICI Bank Managing Director KV Kamath said India will grow 7 per cent this year and 6 per cent next year. Deloitte Global CEO James H Quigley said 6 per cent growth would be good for India. "This confidence is well placed because India is still growing," he said.

British Telecom Chief Technology Officer Matt Bross talked of how the telecom major "is going steady here," even as the company is learnt to have planned massive job cuts in its global operations. Larsen & Toubro Chairman & Managing Director AM Naik said his company would add 10,000 jobs here.

Amidst the pall of economic gloom all over the world, almost 800 business leaders from 35 countries today started to gather for the three-day India Economic Summit, the 24th edition of the annual show hosted by the World Economic Forum and the Confederation of Indian Industry. The message and the body language were clear: Everything is going right for India, the tight money market conditions and recent production cutdowns notwithstanding.

In the last few weeks, the US and German economies have contracted and China has reported a sharp drop in industrial output during October. Banks as well as manufacturing and service sector companies have announced steep job cuts. Top US automakers too are on oxygen. All this while, India's economic managers have said they are still hopeful of clocking annual growth of around seven per cent.

In this scenario, the biggest challenge before the country is to keep its confidence high, Kamath said and added this could be done by lowering interest rates further. Both industry and the government need to ensure that the growth momentum is not lost. "The need is to have a new financial architecture and avoid arbitrage across sectors," he said.

"In the current situation, the operative word would be protectionism but it is going to be competitiveness," said Ramalinga Raju, founder and chairman of Satyam Computer Services. He added that the world today has two special assets to leverage on to come out of the turmoil –knowledge and technology.

Keeping in view the current global situation, the summit is focusing on four areas — global shifts, managing risks, inclusive growth and future competitiveness.

<http://www.business-standard.com/india/storypage.php?autono=340432>

PM seeks strengthening of IMF, World Bank

The Prime Minister, Dr Manmohan Singh called for strengthening bodies like the International Monetary Fund, the World Bank as also regional banks and regional arrangements so that the fallout of the global crisis is minimal on developing countries.

Stating that there was no danger of the financial crisis affecting the Bay of Bengal region countries, Dr Singh said that the message that he would be carrying for the G-20 meeting will be that the global grouping should do everything to ensure that the process of achieving the Millennium Goal is not adversely affected by the current global crisis.

The G-20 meeting, which the Prime Minister will be attending, begins in Washington.

Focus areas

The Prime Minister said this while addressing a joint press conference after the conclusion of the second Summit of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

At the meeting it was also decided that the regional grouping will look at 13 sectors for priority consideration including cooperating in combating international terrorism, organised crime and illicit drug trafficking, trade and investment, transport and communication, tourism, poverty alleviation and taking steps to establish greater people-to-people contact.

"We agreed to focus on enhancing our rail, road, air and shipping links to further promote people-to-people contacts and to further facilitate cultural exchange, business and tourist flows," Dr Singh added.

The leaders attending the summit also expressed their satisfaction at the progress that has been made in the negotiation of a free trade agreement in trade in goods and called for its early conclusion. Another idea which was mooted at the meeting was that countries

pool their resources and set up a food bank for needy countries whenever necessary, Dr Singh said.

<http://www.blonnet.com/2008/11/14/stories/2008111451320700.htm>