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## News Feature

### Dec industrial output up 7.6 pc

India's industrial output rose 7.6 per cent in December from a year earlier, accelerating from the previous month's downwardly revised 5.1 per cent, helped by stronger manufacturing, data showed.

The figure matched a forecast for growth of 7.6 per cent in a poll of economists but was still below the double-digit levels seen last year as the impact of tight policy and a strong rupee clips demand.

Manufacturing production rose 8.4 per cent in December from a year earlier, compared with a provisional annual growth of 5.4 per cent in November.

[http://economictimes.indiatimes.com/Economy/Dec\\_industrial\\_output\\_up\\_76\\_pc\\_YoY/articleshow/2776050.cms](http://economictimes.indiatimes.com/Economy/Dec_industrial_output_up_76_pc_YoY/articleshow/2776050.cms)

### 'India will compete with US, Chinese economies by 2020'

India will be a global economic giant by 2020 and will compete on equal footing with the US and Chinese economies by that period, Minister of State for Mines T Subbarami Reddy said.

"By 2020, India will be one of the most competing countries matching the economies of the US and China. The country's Economy is spiralling high and will continue to do so under the present UPA government under the leadership of Prime Minister Manmohan Singh," Reddy said.

The way in which developed nations were evincing interest in the Indian Economy, it showed that the country has made considerable economic progress, he said after inaugurating the Metallurgy India 2008, Exhibition at Pragati Maidan in New Delhi.

Reddy said Indian steel makers could benefit from the exhibition as it showcased state-of-the-art technology in pipe and other steel products.

Even the oil exploration Companies could take advantage of the platform, in which over 200 exhibitors from across the globe were displaying their products.

<http://www.financialexpress.com/news/India-will-compete-with-US-Chinese-economies-by-2020/272478/>

## Overseas Investment

### M. Financial among 25 FDI proposals cleared

The Finance Minister, Mr P. Chidambaram, has approved 25 foreign direct investment (FDI) proposals worth Rs 5,584.82 crore. These proposals were recommended for approval by the Foreign Investment Promotion Board (FIPB) at its meeting.

The proposals that were approved include J.M. Financial Trustee Co's proposal to bring in about Rs 1,460 crore through induction of foreign equity by way of subscription to units on a private placement basis. The Indian company is engaged in FDI compliant construction development projects.

The application of AAPC Hotels Management Pte Ltd, Singapore to bring in Rs 526 crore over a period of five years also received nod.

Besides Bycell Telecommunications' Rs 1,950 crore proposal, the other major proposals that got approval were KVK Energy & Infrastructure's Rs 400 crore proposal for induction of foreign equity. Mumbai-based Dumeric Holdings Pvt Ltd's Rs 400-crore proposal to make further downstream investments and Sequoia Capital India Growth Investments I Mauritius' plan to bring in Rs 120 crore through induction of foreign equity in a holding company.

In the civil aviation sector, the proposal of Indian Aero-Ventures Pvt Ltd involving FDI of Rs 131.20 crore for functioning as an operating-cum-holding company and making downstream investments in maintenance, repair and overhaul of engines was also cleared by the Government.

<http://www.blonnet.com/2008/02/14/stories/2008021452341000.htm>

## Trade News

### Indo-UK bilateral trade may reach \$60 bn by 2020

The bilateral trade between India and UK might reach a staggering figure of \$60 billion by 2020, British High Commissioner in India Sir Richard Stagg said.

"There has been considerable degree of progress in bilateral trade between the two countries which will grow in the next 12 years," he said.

He said that in the recent past, the Indian economy grew a considerable degree and UK would like to establish a strong business relation.

"Great Britain is likely to invest in certain priority areas like automotive industry, service sector, banking, insurance, retail, agriculture and logistics," Stagg said.

These were growing sectors and Britain would like to invest in them because these areas were not explored properly and have great business potentiality, Stagg added.

He said, "We would like India to invest in fields like information technology, automotive and energy."

[http://economictimes.indiatimes.com/News/Economy/Foreign\\_Trade/Indo-UK\\_bilateral\\_trade\\_may\\_reach\\_60\\_bn\\_by\\_2020/articleshow/2774342.cms](http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/Indo-UK_bilateral_trade_may_reach_60_bn_by_2020/articleshow/2774342.cms)

### **FICCI to organise Africa-CIS-India Agrifood Business Meet**

Industry body FICCI, in collaboration with the Department of Commerce, is organising the Africa-CIS-India Agrifood Business Meet 2008, to enable the public and private players explore mutually beneficial opportunities.

Over 50 agri and seafood buyers from 12 African countries and 15 buyers from five CIS (Commonwealth of Independent States) countries would participate in the event, to be held in the Capital as well as in Mumbai from February 19-22.

The buyer-seller meet would be held in Mumbai on February 19, followed by site visits to Indian factories and units. In Delhi, the event would be held on February 21-22, a Ficci release said.

The meet aims at bringing suppliers and buyers of products and equipments in related sectors at a common forum to explore strategic partnerships in food security, boost exports of products and foster institutional tie-ups.

Over 40 African delegates participated in the business meeting with Africa last year and generated leads worth over \$ 150 million.

"The business interests of participating companies from Africa and CIS countries are varied but there is a strong interest of international buyers in agri machinery especially tractors, agri chemicals, seeds, processing and packaging machinery for sea food and agri food, agri products like tea, coffee, spices, fresh fruits and vegetables, animal feed, meat dairy, poultry and seafood products," it said.

India has a lot to share with Africa and CIS in terms of its experiences in deriving self-sufficiency in agri-food sector, in developing low cost technologies, in entrepreneurship development in the agrifood sector to engage increasing number of population into the mainstream.

<http://economictimes.indiatimes.com/articleshowarchive.cms?msid=2783373>

## **Pact signed with Netherlands**

12 India and the Netherlands signed an MoU in various areas concerning shipping and port sectors.

The Minister of Shipping, Road Transport and Highways, Mr T.R. Baalu, and the Netherlands Minister of Transport, Public Works and Water Management, Mr Camiel M.P.S. Eurlings, signed an MoU on "Ports & Maritime Transport & Logistics" between the two countries, informed an official release.

The MoU envisages cooperation in port planning and development; maritime transport and logistics; shipbuilding among others.

<http://www.blonnet.com/2008/02/13/stories/2008021351080700.htm>

## **Sino-Indian trade jumps by 76.7 per cent in January**

Sino-Indian trade surged by 76.7 per cent to \$4.64 billion in January, making India Chinas ninth largest trade partner, the Customs authorities said.

With the January figures, India has moved up one level from being the 10th largest trade partner of China.

China is the second largest trading partner of India. Buoyed by the soaring trade, India and China had, during Prime Minister Manmohan Singhs recent visit to Beijing, set a bilateral trade target of \$60 billion by 2010, raising the earlier \$40 billion mark.

Meanwhile, the Customs authorities said, Chinas total trade surplus in January rose by 22.6 per cent over the same period last year, to \$19.49 billion, but was down from USD 22.69 billion in December.

The European Union was Chinas largest trade partner in January, followed by the US and Japan.

Exports touched \$109.66 billion, a 26.7 per cent year-on-year jump, the General Administration of Customs said.

Since May 2007, the trade surplus of China has been at least \$20 billion a month

[http://economictimes.indiatimes.com/News/Economy/Indicators/Sino-Indian\\_trade\\_jumps\\_by\\_767\\_per\\_cent\\_in\\_January/articleshow/2785897.cms](http://economictimes.indiatimes.com/News/Economy/Indicators/Sino-Indian_trade_jumps_by_767_per_cent_in_January/articleshow/2785897.cms)

## Sectoral News

### **IT revenues grow@33%, to hit \$64 bn**

The Indian IT and BPO industry is expected to clock revenues of 64 billion dollars by the end of fiscal year 2008, registering a growth of 33 per cent, according to a study.

The software and services exports are expected to reach 40.8 billion dollars, while the domestic market is expected to touch 23.2 billion dollars in FY08, the 'Strategic Review 2008' by IT industry body Nasscom said.

It said the industry would also meet its target of 60 billion dollars software exports, and overall software and services revenues of 73-75 billion dollars by 2010.

"The Indian IT industry has been rapidly evolving, the growth is on track to achieve, if not exceed the targets for 2010. The trends indicate that the domestic market is poised for growth with IT spends trending upwards, particularly by the government," Nasscom President Som Mittal said in a release.

However, there are global macro economic challenges --talent, manpower and infrastructure issues -- that will need to be addressed, collectively, he added.

The contribution of Indian technology sector to the GDP is expected to increase to 5 per cent in FY2008 from 1.2 per cent in 1998, Nasscom said.

"The robust growth of the Indian IT-BPO industry by over 33 per cent in the current fiscal year reinforces the confidence of global corporations in India. As we move towards 2010, trends indicate that the industry is firmly poised for broad-based growth across industries and service lines," Nasscom Chairman Lakshmi Narayanan said.

It is estimated that every rupee earned in the Indian IT-BPO sector induces nearly another rupee of economic spending in the rest of the Economy and every job created in the sector induces the creation of four more jobs in the Economy, Nasscom said.

<http://www.financialexpress.com/news/IT-revenues-grow33-to-hit-64-bn/271691/>

### **Ports clock 12.5 per cent growth**

India's port sector has recorded 12.50 per cent growth in throughput from April to December 2007 of the current fiscal, as compared with that in the corresponding period during the previous fiscal.

The 12 major ports in India handled a combined throughput of 378.7 million tonnes during the last nine months, as against 336.7 million tonnes during the last fiscal.

Container traffic increased to 665.1 million tonnes from April to December 2007 as against 532.9 million tonnes during the last fiscal.

Chennai and Tuticorin ports together handled 576.9 million tonnes during the nine months as against 531.3 million tonnes during the previous fiscal. Chennai port handled 423.1 million tonnes, while Tuticorin port handled 153.7 million tonnes as against 397.2 million tonnes and 134 million tonnes, respectively, during the earlier fiscal.

According to official figures, Visakhapatnam (Vizag) port continued to be India's premier port in terms of throughput, handling 478.3 million tonnes of cargo during April to December 2007 as against 405.5 million tonnes during the previous fiscal. Kandla and Mumbai ports handled 477.3 million tonnes and 431.6 million tonnes, respectively.

However, Kandla recorded the highest growth rate of 24.45 per cent. Kandla was followed by Jawaharlal Nehru Port (JNPT) with 23.40 per cent increase, Vizag port with 17.93 per cent growth and Tuticorin with 14.70 per cent rise to 153.7 million tonnes.

[http://www.businessstandard.com/common/news\\_article.php?leftnm=3&autono=313579](http://www.businessstandard.com/common/news_article.php?leftnm=3&autono=313579)

### **'Financial services KPO to touch US\$ 5 billion'**

The financial services knowledge process outsourcing (KPO) industry is expected to be worth \$5 billion by 2010, said a KPMG study.

KPMG's view was revealed in a report launched at the Nasscom India Leadership Forum 2008. Edge Zarrella, global partner-in-charge, IT advisory, KPMG, said: "Our study looks at the financial services KPO space which is driving the KPO evolution."

While organizations are trying to master Information Technology Outsourcing (ITO) and BPO strategies, they are now faced with a new industry trend: KPO.

Pradeep Udhas, global partner-in-charge, sourcing advisory, KPMG, said, "Cost savings, operational efficiencies, access to talented workforce and improved quality are driving offshoring of high-end knowledge-based processes."

India is expected to remain a preferred location for KPOs. However, organizations may look at other locations for additional delivery centers. Canada and Australia have the power to support the KPO industry. China, South Africa, and Singapore are other possible locations.

Issues that can hamper the growth include skill shortage and the declining US dollar

[http://www.business-standard.com/common/news\\_article.php?leftnm=8&autono=313717](http://www.business-standard.com/common/news_article.php?leftnm=8&autono=313717)

## **India call centre revenues to touch Rs 8,500 cr**

Domestic call centre revenues will touch Rs 8,500 crore in the current financial year, according to a CyberMedia's Dataquest domestic call centre survey 2007-08.

According to the study, the Indian call centre industry will witness a robust growth rate of 65 per cent compared with 42 per cent recorded in the previous year.

Captive call centres, which operate to service a company's own clients, accounted for 70 per cent of the total industry revenues at Rs 5,200 crore in 2006-07. The outsourced call centre industry, which services the needs of third-party clients, contributed Rs 1,602 crore.

The outsourced call centre industry is dominated by the organised sector or players employing more than 200 people. While the organised sector contributed Rs 1,097 crore, revenues from unorganised players were Rs 505 crore.

The study said telecom, banking, financial services and insurance (BFSI) sector players accounted for 80 per cent of the domestic outsourced call centre business.

Telecom majors Bharti, Vodafone, BSNL, Spice and Idea have outsourced their call centre services. Retail, travel, hospitality and healthcare will drive future growth in the domestic call centre industry, the study said.

[http://www.business-standard.com/common/news\\_article.php?leftnm=8&autono=313573](http://www.business-standard.com/common/news_article.php?leftnm=8&autono=313573)

## **Auto parts sector set for overdrive in Q4**

After being hit by appreciating rupee and sluggish demand, the auto component industry is likely to see sustainable or higher growth in margins in the fourth quarter due to an upward trend in auto production, correction in exports and stability in input costs, according to a report by Motilal Oswal Securities.

While, the aggregate revenue for the industry during the third quarter grew by 7.2%, operating margin was down by 40 basis points and net profit also declined by 1.3%. However, huge cash flows with original equipment manufacturers will help production go up further, the report has noted.

<http://www.financialexpress.com/news/Auto-parts-sector-set-for-overdrive-in-Q4/274189/>

## **Fitch maintains stable outlook for domestic oil sector**

Credit rating agency Fitch has said that it maintains a stable outlook for both exploration & production (E&P) and refining & marketing in the oil and gas sector in India.

The agency, in its just-released outlook for Indian oil & gas sector for 2008, however, said the factors bearing on the outlook vary for the sectors.

Although international crude oil prices increased substantially in the second half of 2007, Fitch expects prices will ultimately revert to more historical levels, driven by the fundamental forces of supply and demand.

The agency said it expects intense activity on the domestic exploration front in 2008, continuing the trend witnessed over the past five years which has led to discovery of some oil and gas reserves after a significant time-break.

Stronger exploration activity, both in India and internationally, has to be seen in light of the increasingly harsh environment in which new reserves are located, making it much more expensive and risky to develop new fields.

Fitch views that the enactment of Petroleum and Natural Gas Regulatory Board Act in 2007 for the creation of an independent midstream and downstream regulator, is a positive step for the long-term growth of the industry. It is likely to usher in greater regulatory clarity, thereby enabling investment in these areas thus enhancing both demand and distribution.

<http://www.financialexpress.com/news/Fitch-maintains-stable-outlook-for-domestic-oil-sector/272223/>

## **News Round – Up**

### **Exports from SEZs grow 200% in 2 yrs**

The Special Economic Zone (SEZ) Act of 2005, which completed two years on February 10, 2008, has facilitated a 200 per cent rise in exports from these zones during the period, and has led to an incremental investment of Rs 70,416 crore.

However, developers of the zones are skeptical of finance ministry proposals, which seek to reduce fiscal incentives provided under the Act and maintain that investments of \$75 billion, lined up in the next five zones, could be at stake.

The finance ministry has proposed imposing export obligation in excess of 51 per cent on SEZs as well as imposing direct tax measures like Minimum Alternative Tax and Dividend Distribution Tax.

“Investors, including ones from abroad like Nike, have lined up long-term investment plans. If fiscal incentives are trimmed, proposed investments would be in jeopardy as

investors would back out,” said Ajay Nijhawan, convenor of the panel of SEZ developers within the Export Promotion Council for SEZs and EoUs (export-oriented units).

According to LB Singhal, director general, Export Promotion Council for EoUs and SEZs, stability of any policy is a prerequisite to create investor confidence. “SEZs have been in existence since 2000 while export promotion zones have been since 1965. Export and investment growth in these zones were minimal before the SEZ Act came into force in 2006,” he said.

Singhal points out that between 2003-04 and 2005-06, total value of exports from SEZs stood at Rs 50,000 crore. “In 2007-08, we are likely to have exports worth Rs 67,088 crore from SEZs and in 2008-09, these are likely to cross Rs 1,00,000 crore.

[http://www.business-standard.com/common/news\\_article.php?leftnm=3&autono=313743](http://www.business-standard.com/common/news_article.php?leftnm=3&autono=313743)

### **India way ahead of China in economic transformation: Report**

India has been ranked 25th in terms of economic transformation, way ahead of world's fastest growing economy China, which has been placed at the 85th position by a German foundation.

India ranks just behind Singapore (23), Brazil (20) and South Africa (18) in the transformation index prepared by German Bertelsmann Foundation and published in Berlin on Monday.

The transformation index is a study of market economics and democracy in 125 transformation states.

In terms of management performance, India has attained the 19th position for its political decision making, equivalent to an improvement of 13 rankings on the previous comparative investigation conducted two years ago and 24 rankings higher than five years ago, the report said.

"The plans of the Indian government to shape the country to become a developed economy and a key player in international politics are now bearing fruit," Josef Janning of the Bertelsmann Foundation said.

India should also exploit this favourable situation to increase efforts to tackle its greatest problem: the continuously pronounced inequalities in the society, particularly in terms of education, health, social security and earnings, Janning added.

The creation of a greater equilibrium between the regions and enabling as many people as possible to share in economic success should be central objectives of future policy, he said.

The report recommended that India should continue to pursue economic reforms rigorously to sustain the growth rate of eight per cent.

The Transformation Index 2008 in terms of economic transformation has been topped by Czech Republic, followed by Slovenia. In terms of the management index, Chile lead the pack, followed by Estonia. However, Myanmar (124) and Somalia (125) are the tail-enders in the index.

[http://economictimes.indiatimes.com/News/Economy/Indicators/India\\_way\\_ahead\\_of\\_China\\_in\\_economic\\_transformation\\_Report/articleshow/2792004.cms](http://economictimes.indiatimes.com/News/Economy/Indicators/India_way_ahead_of_China_in_economic_transformation_Report/articleshow/2792004.cms)