

**Prime Minister's visit to Brazil**

At the invitation of the President of Brazil, the Indian Prime Minister, Mr. Manmohan Singh, led a high level delegation on an official visit to Brazil from September 11 to 14, 2006. During the visit, several bilateral cooperation agreements were signed in the areas of agriculture, science and technology, air services, human settlements, plant health protection, culture, standards, as well two commercial agreements regarding oil exploration and mining. The agreements and MoUs reflect the mutual desire to impart a strong impetus to the growing ties between Brazil and India with a view to realizing their full potential. An important outcome of the meeting was the decision to initiate a bilateral strategic dialogue covering regional and global issues of mutual concern such as energy security and the international security situation, including the menace of terrorism. In addition, a decision was taken to establish a Joint Defence Committee in pursuance of the Defence Agreement signed in December 2003.

**Prime Minister participates in the first IBSA (India-Brazil South Africa) summit in Brasilia**

Prime Minister participated in the first IBSA Summit in Brasilia on 13<sup>th</sup> September 2006 along with the President Lula of Brazil and President Mbeki of South Africa. The historic

Summit meeting was held within three years of the inception of IBSA, a unique organisation, which brings together three countries with multi-cultural societies and vibrant democracies representing different regions of the developing world with significant capacities and synergies in different areas. A business Summit was also organised on the margins of the political Summit. Intra IBSA trade has witnessed a remarkable growth in the last few years increasing by 50% in 2004 and 30% in 2005. Five trilateral cooperation agreements in maritime transport, bio-fuels, information technology, agriculture and trade facilitations were concluded during the summit. Research and development on AIDS, malaria and TB were also identified as areas for future cooperation.

**India's participation in the 14<sup>th</sup> NAM Summit in Havana**

Prime Minister Singh led the Indian delegation to the XIV Summit of the Non-Aligned Movement in Havana (Cuba). As a founding member of NAM, Prime Minister's participation in the 14<sup>th</sup> Summit demonstrated India's steadfast commitment to the Movement. The theme of the General Debate during the Summit was "Purposes and Principles and the role of the Non-Aligned Movement in the Present International Juncture".

### **Indian assistance to Sri Lanka in containing oil spill**

In a prompt response to the request received from the Government of Sri Lanka, the Government of India dispatched its naval Dornier aircraft and two Coast Guard ships to the Southern Coast of Sri Lanka to contain the oil spill that occurred from a merchant ship off the coast of Koggala.

### **Speed Post Passport Services**

At a function held in New Delhi on 27 September 2006, the Indian Minister of Communications & IT and Minister of State for External Affairs jointly dedicated the network expansion of Speed Post Passport Service to the nation. This is a joint initiative of the Department of Posts & Ministry of External Affairs which will immensely benefit the passport seekers all over the country. Applicants can just walk into the nearest speed post office and submit the passport application form. After processing at the Passport Office, the passport will be sent to the applicant for delivery through Speed Post. Speed Post Passport Network has been extended to 1093 post offices covering all the States. The list of the identified post offices is available at the website: [www.indiapost.gov.in](http://www.indiapost.gov.in). In the next phase, this network will be expanded to cover 2000 post offices across the country.

### **Train ticket bookings at cyber cafes**

Indian Railways is introducing e-ticketing for its passengers, enabling ticket reservations against cash payments at neighbourhood cafes. After tying up with the State Bank of India to provide train tickets through its ATMs, the Indian Railways is on the brink of signing a deal with a major internet service provider company Sify Ltd. for sale of tickets. The Indian

Railways Catering and Tourism Corporation (IRCTC), which handles internet booking, has also invited other major internet service providers to enter into public-private partnership arrangement with the Indian Railways for sale of tickets.

### **ECONOMIC NEWS**

#### **Dell to invest \$30m in Tamil Nadu**

Dell Inc., the largest computer manufacturer in the world announced that it would be setting up a computer manufacturing facility at Sriperumbudur Hi-Tech Park, near Chennai, with an investment of \$30 million. The \$57.4-billion company signed an MoU with state government officials. The Indian facility would be Dell's sixth manufacturing location globally. The project is expected to be completed by June 2007 and will initially manufacture desk-top computers. The project, coming up at a 50-acre land in a special economic zone will provide 1,000 skilled jobs directly and another 4,000 jobs indirectly. The company would initially focus on the domestic market and later on will start exporting from India. The company also has plans to manufacture laptops and servers at a later stage.

#### **Aviva to offshore 1,000 UK jobs to India**

In an effort to cut costs and improve efficiency, Aviva announced that it would reduce its staff in the UK by 4,000 from the existing 36,000 and offshore 1,000 of them to India by 2008. The company will also offshore 500 roles to third party IT suppliers with previous announcements that 7,800 roles would be offshored by the end-2007. Aviva, which owns Norwich Union, hopes to reduce duplication and improve efficiency to deliver annual

cost savings of 250 million pounds by 2008.

### **Cairn to invest \$1bn in India oil blocks**

Cairn Energy, an oil and gas exploration and production company, will be investing \$1 billion in developing its oil blocks in India, located at Rajasthan, the Krishna Godavari Basin and in the Cambay region, even as it is scheduled to launch drilling operations in the KG Basin in October 2006.

### **Goldman Sachs to invest \$1 b in India**

Goldman Sachs will invest \$1 billion in India over the next two years for expanding operations in sectors such as realty and infrastructure. Since India is expected to play an increasingly important role in the world economy, Goldman Sachs also plans to set up its investment banking and asset management businesses in the country. Currently, Goldman Sachs has offices in Bangalore and Mumbai

### **IBS to set up R&D facility in India**

British software solutions provider Intelligent Business Systems (IBS) plans to set up a research and product development centre in India to leverage the growth potential in the world's fastest growing technology market. IBS will be setting up a development centre in Mumbai. The centre will develop systems and solutions for the global market. The company which is implementing computational and artificial intelligence for Business Intelligence (BI) solutions is planning to tap the growth potential in the banking and retail industry in the country.

### **Unisys to add two more centres in India**

Unisys Corporation will add two more global sourcing operations centres in India to expand its offshore resources to 6,000 people by 2008. The second facility in Whitefield, on the outskirts of Bangalore will be operational shortly. The third facility will be located in Hyderabad and is expected to be operational in the financial year 2006-07. The Whitefield and Hyderabad facilities will allow Unisys to expand beyond its original Bangalore centre, which is currently operating at full capacity. These facilities will enable Unisys to tap into a broader talent pool while providing customer service capabilities, such as further backup and disaster recovery solutions for the initial Bangalore facility.

### **Nokia to make new models at Chennai facility**

Top handset maker Nokia of Finland is expected to boost staff and produce new handset models at its Indian factory. Nokia already employs 3,500 people at the plant in Sriperumbudur, on the outskirts of Chennai, 1,000 more than had been projected for the end of the year. Nokia's facility, which was set up in March this year, was also likely to make new mobile handset models in a bid to increase its stranglehold on the world's fastest-growing wireless services market. It currently produces about 10 handset models, most of them aimed at entry level markets. Ultra low cost phones -- less than Rs 2,000 (\$43.60) -- are fuelling demand in cost-sensitive India, where more than 5 million new users are entering the 123.44 million customer-strong wireless sector each month.

### **FDI inflow rise by 47% in the 1<sup>st</sup> Quarter of 2006**

Foreign Direct Investment (FDI) plays an important role in the long term economic development of the country, not only as a source of capital but also for enhancing competitiveness of the domestic economy through transfer of technology, strengthening infrastructure, raising productivity and generating new employment opportunities. Foreign Direct Investment (FDI) inflows into India increased 47 % to US\$1.7 billion in the first three months of the current fiscal year (April-June 2006-07) compared to US\$1.1 billion in the same period last fiscal. FDI inflows in the month of June grew 102 % compared to corresponding period last year. Continuous liberalisation of India's FDI policy and simplification of procedures had contributed to the steady increase in FDI inflows into the country, in particular the surge witnessed in the first quarter of this fiscal year

According to the data available up to May 2006, the 10 sectors attracting highest FDI into India are: electrical equipments (including computer software & electronics); telecommunications (radio paging, cellular mobile, basic telephone services); services sector (financial & non-financial); transportation industry; fuels (power and oil refinery); chemicals (other than fertilisers); food processing industries; drugs and pharmaceuticals; cement and gypsum products; and metallurgical industries. The 10 top investing countries are: Mauritius, USA, Japan, Netherlands, UK, Germany, Singapore, France, South Korea and Switzerland. The FDI inflows in 2005-06 (comprising equity capital, reinvested earnings and other capital) was US \$ 7.7 billion, representing a rise of over 37% over the previous year. FDI inflows (equity

capital only) during 2005-06 was valued at US \$ 5.5 billion, showing a record growth of over 72% over 2004-05.

### **15,000 MW hydro power target in 11<sup>th</sup> plan**

The 11<sup>th</sup> Plan has set a target for creating 15,000 MW hydel power generation capacity during the plan period. The 11<sup>th</sup> Plan is placing higher priority on hydel power generation for meeting the energy requirements. To implement this strategy the government is formulating policies and initiating steps to attract greater private sector investment in this sector. Hydro development has experienced a steady rise from 508 MW in 1947 to 32,735 MW now, which indicates a growth of hydro power by about 63 times in a period of over five decades. The growth of thermal power has, however, been as much as 96 times during the same period. Hydro power at present accounts for about 26 % of the total capacity.

### **Life insurance sector to grow by 20%**

Spurred by improving economic conditions, growing affluence, the need for health protection, and low penetration rates, the life insurance sector is expected to continue to grow at about 20% over the medium term according to a projection by global rating agency Standard & Poor's. Moreover, the anticipated raising of the ceiling on permitted foreign domestic investment in insurance companies to 49% from 26% is expected to have a positive impact, according to S&P's rating. Pension fund plans, which have found more acceptance due to extended life spans and improved medical facilities available in the country, are one of the growth drivers.

### **India records fastest growth of online users**

India's online population is growing at a faster pace than other countries like the United States, China, Japan and Germany. The total online population in India, measured in terms of people aged over 15 years accessing internet, rose 7.8% to 18.02 million in June, from 16.71 million in March. India has also become the ninth biggest country in terms of the total online population from its 10<sup>th</sup> position three months ago. The figures exclude the traffic from public computers such as cyber cafes and access from mobile phones. The total number of people accessing internet could be much higher if those aged below 15 years and the public computer data and new-age mediums such as mobiles are also taken into consideration.

### **Indian firms look at US bourses**

A large number of Indian companies are vying to list their shares on foreign exchanges, particularly in the US, on the back of the successful listing of BPO major WNS on the New York Stock Exchange and continuing expansion by domestic companies into the overseas markets. With the Indian companies continuing to expand their footprints on the US shores and the overseas revenues playing a larger role in their balance sheets, particularly in the IT sector, the companies are increasingly getting attracted to the brand value addition and exposure a US listing provides. Out of a total of around 120 Indian companies listed overseas, Nasdaq has seven Indian companies on its exchange with a market cap of around \$32 billion including - Infosys, Sify and Rediff. In July this year, Infosys rung the opening bell of Nasdaq from its Mysore facility in the first ever such ceremony through an electronic sign-in screen. Nasdaq

Stock Market President and CEO, Robert Greifeld, who was present on the occasion, said that Infosys was a shining example of what can be achieved with a clear and compelling vision, talented workforce and world-class corporate governance.

### **Morgan Stanley to invest US\$1bn in realty**

Morgan Stanley Real Estate, the realty arm of global financial services firm Morgan Stanley, plans to invest \$1 billion in next 4-5 years in India. The company, which recently invested around \$65 million in Delhi-based real estate firm Alpha G: Corp, has already invested about \$140 million in India. The company is looking at a mix of company-level investment as well as asset investment in India and is reported to be in discussion with several developers.

### **US realty firm Hines to invest over \$300 m in India**

Aiming to cash in on the bullish Indian realty space, US-based real estate company Hines plans to invest over \$300 million (over Rs 1,300 crore) over the next 4-5 years to develop projects in association with local partners. Hines, which manages about \$12.5 billion of property across various countries, is targeting to develop various residential as well as commercial projects in the country.

### **Liberalised policy regime for Gems and Jewellery sector**

Government is committed to support Gems and Jewellery Industry through a liberalised policy regime. Gems & Jewellery constitute 15.13% of India's exports. This sector has witnessed a growth of 12.97% in 2005-06 over 2004-05. India is an acknowledged

leader in the world in diamond processing and largest importer in the world of bullion, importing about 800 tonnes. Export of gold jewellery has increased by 11% during 2005-06 over 2004-05. Availability of skilled manpower is a key strength that has enabled growth in India's Gems & Jewellery sector. India has a large pool of skilled artisans with vast traditional knowledge and expertise in jewellery making. This manpower pool is also being augmented through trained designers well versed in latest design software. Recent changes, including the emergence of branded jewellery, have contributed to improving the overall competitiveness of this industry.

### **Tourist arrivals in India rise 10.5%**

Tourist arrivals in India rose 10.5 per cent in August from a year ago, boosting foreign exchange earnings from the sector by 4.9 per cent to \$ 456.76 million. 299,211 visitors travelled to India in August, compared with 270,779 in the same month last year. So far, 27,85,328 foreign tourists have visited India since January 2006 as against 24,54,352 during the same period last year. Known for such attractions as the Taj Mahal, India has been running a campaign to woo tourists to its grand palaces, golden beaches, ancient temples and wildlife sanctuaries.

### **AWARDS & HONOURS**

#### **International Gandhi Peace Prize for Shabana Azmi**

Veteran actress Shabana Azmi was awarded the International Gandhi Peace Prize 2006 by the Gandhi Foundation, UK in recognition for her work with slum dwellers. British actress Vanessa Redgrave presented the prestigious award in the committee room of the House of Lords. Nelson

Mandela and Coretta Scott Young are amongst those who have been honoured by the Gandhi Foundation in the past.

### **Three Indian women in Fortune's global list**

ICICI Bank, Deputy Managing Director, Chanda Kochhar, HSBC India CEO, Naina Lal Kidwai and Biocon head, Kiran Mazumdar-Shaw, have been named among the world's 50 most powerful businesswomen by the *Fortune* magazine. The global recognition for the country's three businesswomen comes close on the heels of Indra Nooyi, the India-born head of global soft drink giant PepsiCo, who was named the most powerful business women in the US by the same magazine.

### **BILATERAL**

#### **Visit of Minister for Overseas Indian Affairs to Switzerland**

Hon'ble Minister for Overseas Indian Affairs, Mr. Vayalar Ravi, visited Switzerland on September 10-11. The main function, held in Zurich, on September 10 was attended by a wide cross-section of Indians residing in different parts of Switzerland. The presentation by the Hon'ble Minister was followed by an interactive session and a reception. The Hon'ble Minister also exchanged views with prominent members of the Indian community over a lunch in his honour in Zurich.