

India NEWS

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Bangalore on flyover high : On June 23, 2006 Prime Minister Manmohan Singh had flagged off a US \$ 1 billion (approximately) dream venture that will ease traffic woes in Bangalore for the burgeoning population of IT professionals and reduce travel time and fuel consumption by 30 %. The 10 km elevated "Hi-tech" flyover to Electronics City, the IT hub on the city's outskirts, will be the first of its kind in the country. The four-lane flyover, Bangalore's highest flyover at a dizzying 17 meters from the ground, will be constructed in 24 months by a Hyderabad-based consortium comprising Soma Enterprises-Nagarjuna Construction Company and Maytas (a group company of Satyam Computers) on BOT (Build, Operate and Transfer) basis.

Bangalore Metro Rail : The PM had unveiled the foundation stone for the 33-km Bangalore Metro Rail venture. The US \$ 1.42 billion (approximately) mass transit system will help ease traffic congestion in the city's roads that are congested with about 2.5 million vehicles, including 1.5 million two-wheelers. The work will be executed by the Bangalore Metro Rail Corporation (BMRC) with equity participation by the central and state governments and a US \$ 355 million (approximately) soft loan from the Japan Bank of International Corporation (JBIC). The seven-km first phase of the mega-buck project would be ready by 2009.

Mumbai Metro Rail : Prime Minister Manmohan Singh on June 21 laid the foundation of the ambitious US \$ 4.33 billion (approximately) Mumbai Metro Rail Project, which authorities hope will help ease traffic flow within the metropolis. The launching of the project is seen as a step towards making Mumbai a world-class financial hub.

Poonch-Rawalkot bus route : On June 20, 2006 India and Pakistan started a new trans-Kashmir bus service between Poonch, in Jammu and Kashmir, and Rawalkot in the Pakistan-occupied Kashmir. It is the second bus route after the Srinagar-Muzaffarabad bus was launched in April 2005 and will help divided families re-establish contact. The bus service will cover a distance of 47 km, 10 of which are in India.

India remains investors' darling : India and China are the favoured markets of investors living outside their home countries, while fears about corporate governance standards in emerging markets have waned, according to a brokerage firm's survey. Some 56 % of investors said they were confident about putting money to work in China, up from 38 % a year ago, while 43 % of them said they were more confident about India, unchanged from last year, according to a poll of 400 expatriate investors in June by the Luxembourg-based brokerage firm, Internaxx.

India Asia's top outsourcing destination : India and China have emerged as the top two Asian destinations for bank outsourcing with Singapore coming third according to a survey of 130 senior executives in the financial services industry by PricewaterhouseCoopers (PwC) and the Economist Intelligence Unit. Forty per cent of the respondents picked India as the country where their firms are most likely to set up outsourcing arrangements, while thirty per cent selected China and only eleven per cent Singapore.

Indian exports to Dubai overtakes China : India has overtaken China as the main exporter to Dubai with a 30 % increase in trade in 2005, official figures reveal. The Dubai Ports, Customs and Free Zones Corporation (PCFC) figures state that total global trade increased from Rs. 2692.62 billion (Dh 215.73 billion) in 2004 to Rs. 3505.75 billion (Dh 280.46 billion) in 2005. India's trade with Dubai accounted for Rs. 540.75 billion (Dh 43.26 billion) in 2005, an increase of 37.94 per cent over 2004, compared to China's Rs. 280.75 billion (Dh 22.46 billion), an increase of 22.39 per cent over 2004. Dubai imported Rs. 562.62 billion (Dh 45.01 billion) worth of semi-precious and precious stones and metals, including gold, and re-exported more than half, or a total of Rs. 334 billion (Dh 26.72 billion).

TCS signs \$30m deal for projects in Chile : Tata Consultancy Services [TCS] has acquired two new key customers in Santiago, Chile, in a total deal valued at over \$30 million. TCS will manage the BPO & IT operations for Transantiago, the modernised integrated public transportation system planned for the capital city. TCS has also secured a five-year contract with a leading banking and financial group to manage the entire set of back office operations for the bank's loan and credit business in Chile. Mr N. Chandrasekaran, executive vice-president and global head of sales and operations, said: "TCS remains committed to its strategy of developing market leadership in Latin America. With operations in 14 countries in the region, 150 clients and seven delivery centres across Uruguay, Brazil and Chile, we are well

positioned to provide world-class integrated IT and BPO services and superior value to clients in this region."

Lakshmi Mittal wins Arcelor bid : The Indian origin Steel baron Lakshmi Mittal has finally succeeded in his bid for Arcelor, ending months of opposition to the steel industry's biggest-ever transaction. Mittal's company will now be merged with the Luxembourg based company. The new **Arcelor-Mittal** entity will be the largest steel company in the world with a 100 million tonne annual capacity. The Mittal deal has valued Arcelor at \$33.6 billion with Mittal having a 44 per cent stake in the new company. **LN Mittal** will be president of the merged company while Arcelor's Joseph Kinsch will be chairman of the combined entity. Mittal's son Aditya Mittal will also be on the board of the merged firm.

Haryana SEZ : A day after signing the deal for the biggest SEZ in the country in Haryana, sources in Reliance Industries Limited (RIL) on June 20 said its two other proposed SEZs in Mumbai would contribute US \$ 111 billion (approximately) to the country's exports once they are operational. The greenfield SEZs will see a total of US \$ 555 billion (approximately) invested over the next decade and will create employment opportunities for 25 lakh people. The generation of employment and wealth through the SEZs will reduce the unemployment in the country by 25 %, said the sources in RIL. The SEZs will need around 1,600 MW power, for which RIL will set-up power stations with an approximate investment of more than US \$ 111 billion (approximately).

India on verge of another outsourcing wave : India is on the verge of another outsourcing wave, i.e. high-end laboratory and diagnostic testing. Indian labs offer a comprehensive test menu of over 1,500 tests under one roof. A number of hospitals in the US and UK are outsourcing laboratory and diagnostic tests to India as it costs about 70 to 80 % less to conduct them here. Indian diagnostics and pathology laboratory business is around \$864 million and is growing at a rate of 20 % annually. While the industry has around 20,000 laboratories, only a few prominent ones instill confidence about their quality among foreign hospital chains.

Satellite launch to rocket India into elite space club : India will join the elite space club of a "handful" of countries when it launches into space a satellite for the first time from an indigenous launch vehicle on its own soil. The launch of the INSAT (Indian National Satellite)-4C satellite from the geosynchronous satellite launch vehicle (GSLV Mark-II) at the second launch pad in the space port on the Andhra coast will also "pitchfork India into the global launch vehicle market". With

the launch of INSAT-4C, India will be the sixth country to have the capability and domain expertise to design, develop and build its own launch vehicles and satellites for deployment in the geosynchronous and polar orbits. The other five countries in the elite space club are the US, Russia, Japan, China and the European Space Agency (ESA).

US House panel approves N-deal Bill : On June 28, 2006 a Congressional panel endorsed a US Government plan to share civilian nuclear technology with India, a crucial first step toward approval of the deal. Supporters called it a defining moment in US-Indian relations. The 37-5 vote in the House of Representatives' International Relations Committee was for legislation to exempt India from U.S. laws that restrict nuclear trade with countries that have not submitted to full nuclear inspections. The full House and Senate would also have to approve legislation, then reconcile differences between their bills.

India to provide \$ 115 million to Nepal for road projects : India has decided to provide US \$ 115 million to Nepal for strengthening roads building projects in the southern Terai belt of Nepal. The memorandum of understanding in this regard was signed by the Nepali government and the Indian Embassy in Kathmandu. India's cooperation in the development of infrastructure in Nepal, especially in transport, has included the building of roads, airfields as well as railways dating as far back as 1951.

India pledge of US \$ 2 m to the UN Peacebuilding Commission's Fund : India has decided to make an initial commitment of US \$ 2 million to the Peacebuilding Fund proposed to be set up under the newly established Peacebuilding Commission (PBC) at the United Nations. India has been selected as a member of the Organisational Committee of the PBC under the category of the top five providers of military personnel and civilian police to the UN peacekeeping operations. India is among the longest serving and largest troop contributors to UN's peacekeeping activities. More than 85,000 Indian troops, military observers and civilian police officers have participated in 42 out of the 60 peacekeeping missions established since the inception of the UN. Over a hundred Indian soldiers have made the supreme sacrifice by giving their lives while serving in UN peacekeeping operations, and have been awarded Dag Hammarskjold Medals.

European aerospace unit to invest \$1 bn in India: Eurocopter, a unit of European aerospace firm EADS, will invest more than US \$1 billion in India over the next two

years. The French, German and Spanish helicopter maker has bid for more than 500 helicopter manufacturing contracts for India's defence sector and plans to set up a subsidiary, a training school, and a maintenance, repair and overhaul centre for helicopters in India. Officials at Eurocopter, which makes both civil and military helicopters, could not immediately be reached for comments.

Bharti inks deal with Ericsson: India's top mobile services firm, Bharti Airtel Ltd., has struck a services deal with Sweden's Ericsson for some 60 million telephone lines over the next three years. In February 2004, New Delhi-based Bharti had signed a three-year contract with telecom equipment maker Ericsson worth more than \$400 million to build, manage and maintain GSM networks in several states.

Food sector's FDI pie to hit \$3bn mark : Foreign direct investment (FDI) in the country's food sector is poised to hit the \$3-bn mark. In the last one year alone, FDI approvals in food processing have doubled. The Confederation of Indian Industry (CII) has estimated that the food processing sector has the potential to generate employment of 9m person-days.

UN Awards:

UNESCO award for Rajasthan Education Department

The Directorate of Literacy and Continuing Education of Rajasthan has been awarded UNESCO's Confucius Prize for excellence in initiatives for marginalised adolescents in rural areas.

Karnataka Government wins UN award

The Revenue department of Karnataka has been selected for the prestigious UN Public Service Awards for good governance and innovative projects in rural and

urban areas. The department is among eleven entities from as many countries chosen for this year's awards.

ECONOMY AND ENTERPRISE

- **Four Indian firms make it to S&P BRIC 40 Index** : Four Indian companies - HDFC Bank, ICICI Bank, Infosys Technologies and Satyam Computer Services - have been included in a new global index introduced by Standard & Poor's (S&P).
- **Nath to lead delegation to Business Leaders Forum in UK**: Commerce and Industry Minister Kamal Nath would lead a high-level delegation to the second India-UK Business Leaders Forum to be held on June 27 in London.
- **NRI's send home a whopping US\$ 21 billion** : India is the largest recipient of remittances by overseas workers, estimated at US\$ 21 billion - up by almost 150 per cent since 1995, says a study by investment bankers J P Morgan.
- **Global realty funds eye India with US\$ 15 billion kitty**: With doors open for foreign investment in realty sector, opportunity funds targeted at India have raised US\$ 15 billion overseas.
- **Special Economic Zones (SEZs) post 25.8 per cent growth rate in 2001-05** : Exports from the eight SEZs functioning in the country have registered a healthy compounded annual growth rate of 25.8 per cent between 2001-02 and 2004-05 , according to the Ministry of Commerce and Industry.
- **Global retail brands have designs on India** : International retail brands like Wal-Mart, GAP, JC Penney and Target have doubled their sourcing operations from India. Also, new entrants like Steve & Barry's are setting up their entire operations in India.
- **Venture capitalists stay bullish on India** : All venture capitalists are looking at the Indian plan as a 'must have' business requirement for funding. For example, Intel Technology's VC arm, Intel Capital has announced a US\$ 250 million fund for India last December.
- **Service segments log 20-60 per cent growth in FY06** : As many as 18 service sector segments of the Indian economy are projected to clock 'excellent growth' levels of 20-60 per cent in FY06 as compared to FY05. This impressive growth is being attributed to catalysts like the expanding of railway passenger

network, production and sale of commercial vehicles and the addition to existing telephone connections, particularly mobiles.

SEVEN INDIAN COMPANIES FIGURES IN FT GLOBAL 500 MAGAZINE

The Financial Times Global 500 provides an annual snapshot of world's largest companies highlighting relative performance of countries and sectors. The companies are ranked by market capitalization - the greater the stock market value of a company, the higher it's ranking. The following seven Indian companies with global ranking along with their products have been figured in the 10th annual ranking of Financial Times Global 500 magazine dated June 11, 2006:

158 Oil & Natural Gas (ONGC) [Oil & gas production],
284 Reliance Industries [Chemicals],
367 Tata Consultancy Services [Software],
414 Infosys Technologies [Software],
430 Wipro [Software & computer],
443 Bharti Tele-Ventures [Telecommunications],
472 ITC [Tobacco]

Embassy News

- On June 19, Ambassador Tripathi paid a courtesy call on His Excellency Christoph Blocher, Federal Councillor for Justice and Police and discussed issues of mutual interest.
- On June 26-27, 11th Joint Apex Committee meeting of Indo-Swiss Collaboration in Biotechnology was held in the premises of EPFL. The Indian delegation was led by Dr. M.K. Bhan, Secretary, Department of Biotechnology, Ministry of Science & Technology, Government of India and the Swiss side was headed by Mr. François Binder, Country Director, SDC, New Delhi. JAC reviewed the undergoing projects and vision of future collaboration in biotechnology.
- On June 27, Ambassador Tripathi met Mr. Michael Ambühl, State Secretary, Federal Department of Foreign Affairs, to seek support of Switzerland for India's candidature to the post of UN Secretary General.

- On June 29, Ambassador Tripathi held a meeting with officers of Pro Helvetia (Arts Council of Switzerland) and discussed collaboration between Pro Helvetia and Indian Council of Cultural Relations.