

ECONOMIC NEWS FROM INDIA

Period: Upto –10th Feb. 03

MACRO ECONOMIC INDICATORS

- The closing **exchange rate** of the rupee ended this week at sixteen month high of 47.68, down seven paise from its intra-days high of 47.75 to the dollar. In cross currency trades, the dollar to the euro, pound and yen was trading at 1.0720, 1.6220 and 121.35, respectively.
- The **inflation rate** for the first time in the current fiscal, inflation touched the high of 4.61 per cent during the week ended January 25 compared to 4.41 per cent of last week ended January 18, 2003. The rate of inflation for the corresponding week in 2002 was 1.26 per cent.
- **Foreign exchange reserves** stood at \$73.583 billion for the week ended January 31, 2003, against \$72.205 billion for the week ended January 24, 2003.

Industrial production up 5% in December

Industrial output for the month of December rose to five per cent compared to three per cent in the corresponding period last fiscal. The rise in IIP numbers has been spurred by a **5.3 per cent rise in the manufacturing sector** in December against three per cent in December 2001. The manufacturing sector carries nearly 80 per cent weightage in the index of industrial production.

Increased industrial activity helped the **capital goods sector surge to 11.7 per cent in December** against a fall of 3.9 per cent in the same month in the year-ago period. **Consumer non-durables segment rose 9.2 per cent in December**, up from a 7.3 per cent rise in December 2001. **The consumer goods sector posted a growth of 6.6 per cent.** Mining sector grew 4.6 per cent in December, while the electricity sector rose 2.5 per cent.

EVENTS

CII forms biotech forum

The biotechnology committee of the Confederation of Indian Industry (CII) has initiated the formation of the Association of Biotechnology-Led Enterprises (ABLE) that will represent the biotechnology sector.

The formation of the association was announced at the Biotech India 2003, organised by CII and being held concurrently with the International Engineering and Technology Fair (IETF) 2003. The association will be to the biotechnology industry what the National Association of Software and Services Companies (Nasscom) is to the infotech industry. The president of the association will be Kiran Mazumdar Shaw, chairman and managing director of Biocon India.

There are over 160 biotechnology companies in India. Diverse domains of biotechnology, from industrial enzymes and diagnostics to biotherapeutics, like recombinant vaccines and human insulin, are encompassed within the broad spectrum of these companies. The objectives of the association include accelerating the pace of biotechnology in the country by enabling strategic alliances between researchers, the government and the global biotech industry. It also intends to showcase breakthrough technologies and cutting-edge initiatives that will take the domestic

biotech sector to new heights. The association will act as a partnering and consulting body to the government

GEO-ECONOMIC

BILATERAL

HAL-ATR tie-up in limbo for want of orders

European small aircraft maker ATR (Avions de Transport Regional), has tied up with HAL for co-producing small aircraft. The forecast is that the country would require up to 100 aircraft with 50 seats to 70 seats capacities during the next 15 years.

"When we start getting the orders, we will activate the deal," ATR's General Secretary, Mr Jean-Pierre Cousserans, told Business Line. He said that HAL had already pitched for the Indian Coast Guard contract for five small aircraft, while ATR was in talks with Deccan Aviation, Jet Airways and Indian Airlines for sale of the aircraft.

Mr Cousserans said the 2001 agreement with HAL is restricted to orders from Indian companies though details with regard to sharing of revenue would be decided later. As per the agreement, ATR will initially supply a stripped down version of the aircraft to HAL, which the Indian partner will customise to the needs of the customer.

Data Access gets carrier licence in N America

Data Access has acquired a full carrier licence in North America, which makes it the first tier South Asian telecom service provider to offer international and national long distance services in the American market.

It plans to acquire licenses in seven more markets by the end of the year. Targeting Indian and Chinese in the US, it will also enable it to cut leased line rates and connectivity costs for the call centres in India. **The licence has been procured by Data Access America, a wholly owned subsidiary of Data Access India, which in turn is an international long distance licence holder in India.** The initial investment outlay for the new project is about \$5 million and is expected to touch \$12-14 million by end 2003, Ray added.

The facility will cater to the entire American continent including Caribbean countries, Latin America and Canada. Data Access America has already set up points of presence in Denver, Jersey city and Los Angeles. It also plans to set up PoPs in Miami, San Francisco and Washington. The company is also bullish on countries like Europe, Canada, South America, Sri Lanka and Bangladesh. The New York switch centre is being connected to over 34 tier 1 carriers of North America, Canada, Mexico and Latin America in addition to being connected to the Data Access global network.

MULTILATERAL

W Bank aid to boost tech education

The World Bank aid for the improvement of technical institutes in India is now final. The agreement for the IDA credit in support of the Technical Engineering Quality Improvement Programme was signed by the Indian government and the World bank. Meanwhile, EdCil, a government of India enterprise, is now getting actively involved in promoting Indian education abroad. Recently, it held training workshops and seminars in Sri Lanka to attract foreign students. EdCil plans to take its campaign to other countries in Asia also.

Indian Immunologicals to extend patent reach

The Indian Immunologicals, which had recently filed an international patent for the world's first combination vaccine for treating rabies, is now gearing up for filing patents in all the countries that have signed up the Patent Co-operative Treaty (PCT). "The development is a fallout of the International Search Report, which has confirmed the vaccine to be unique," pharma industry sources said.

The combination vaccine contains DNA and low doses of cell culture vaccine for treating rabies. Indian Immunologicals had developed the vaccine in association with the Indian Institute of Science (IISc), Bangalore. The vaccine is understood to be making rapid progress on the clinical trails-front and would soon be moving into phase-3, which includes human clinical trails.

Rabies, a highly fatal viral disease of the central nervous system, is caused by bites of warm-blooded animals such as dogs and wolves. The human death toll due to rabies in developing countries is about 60,000 per year in Asia (40,000 cases in India), 5,000 in Africa, and 300 a year in Latin America. Indian Immunologicals, which produces veterinary vaccines has the second largest facility in the world certified under WHO GMP guidelines.

India 2 rungs up on forex ladder, halts next to US

The brisk growth in India's foreign exchange reserves this year, that also triggered Moody's upgrading of India's foreign currency rating, has now made India the eighth largest holder of forex stock in the world. At the end of '01, India had the tenth largest forex stock. **But during '02, India has overtaken France and Switzerland.**

India's forex reserves now stand next to the US. The ratio of reserves to GDP has risen for India from 10.2% in '01 to 13.9% in '02. India's forex stock can take care of about 15 months of imports, one month in the US and two months in UK.

CORPORATE SECTOR NEWS

Cumulative FDI inflows during Jan-Oct '02 up 9%

Cumulative foreign direct investment inflows during the first ten months of 2002 witnessed a growth of **over nine per cent to \$3.19 billion** against \$2.19 billion during the same period a year earlier. **In rupee terms, FDI inflows were higher by nearly 17 per cent,** according to the latest data compiled by the secretariat of industrial assistance.

Exports may grow at 12% in 2002-03

According to Commerce ministry officials, **the exports growth for the financial year is expected to be over 12 per cent.** Exports have done well so far, because consumer spending in the US has remained steady and the Indian Rupee has depreciated against other currencies. In the April-December period, India's cumulative export growth was second only to China's.