

ECONOMIC NEWS FROM INDIA

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MACRO ECONOMIC INDICATORS

- The closing **exchange rate** of the rupee ended the week at a 10-and-half-month closing high of 48.20.
- The **inflation rate** for the week ended for the week ended November 9th, 2002 moved upward to **3.21 per cent** as compared to 3.14 per cent the previous week. The rate of inflation for the corresponding week in 2001 was 2.66 per cent.
- Foreign exchange reserves breached the \$66 billion mark to stand at **\$66.024 billion** in the week ended November 15, 2002 compared to \$65.376 billion in the week ended November 1, 2002.

RBI stresses on stable macro-economics

Reserve Bank of India (RBI) governor Bimal Jalan, in his address to the Group of 20 nations, said a stable macro-economic environment was essential to avoid financial crises. The central bank governor also sought automatic access to global funds for countries facing such problems. **‘A stable macro-economic environment with low inflation, low current account deficit and reasonable growth is essential to prevent crises,’** Jalan elaborated, adding that **India met all the three parameters with inflation around three per cent, current account deficit below one per cent and GDP growth rate above five per cent.**

Infrastructure sector index grows by 6.1%

India’s infrastructure sector index grew by 6.1 per cent in October 2002 as against 2.6 per cent in the corresponding period last year. The cumulative growth **during April-October 2002-03 stood at 5.6 per cent** as against two per cent in the year-ago period.

The infrastructure sector comprises six core industries namely, electricity, coal, steel, crude oil, refinery and cement. These account for a total of 26.68 per cent in the index of industrial production.

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POLICY MEASURES AND PROPOSALS

Forex limit for travellers hiked

The Reserve Bank of India, which is sitting on record reserves, **doubled the ceiling on foreign exchange that residents can carry on private visits abroad to \$10,000.** The central bank already allows resident Indians to carry up to \$25,000 while going abroad on business. For a

higher amount, they must approach the central bank for approval. The central bank has been steadily relaxing foreign exchange controls, gradually moving towards making the rupee fully convertible on the capital account. It is already fully convertible on the current account .

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GEO-ECONOMIC

BILATERAL

India-China Jan-Sept trade up 28%

Chinese exports to India during the first nine months of the year have registered an impressive 34.4 per cent growth compared to the same period last year, with China enjoying a trade surplus of \$252 million for the January-September period.

While Chinese exports to India increased 34.4 per cent to \$1.848 billion, India's exports to China touched \$1.596 billion, up 22.7 per cent. Bilateral trade from January to September amounted to \$3.44 billion, up 28.7 per cent over the corresponding period last year.

In 2001, India-China trade stood at \$3.596 billion, up 23.4 per cent over 2000. While Indian exports to China in 2001 rose 21.3 per cent to \$1.7 billion, Chinese exports to India touched \$1.896 billion, up 25.6 per cent, with China, one again, enjoying a trade surplus of \$196 million.

MULTILATERAL

'India still hot for investors'

India continues to be high on the global agenda of investors despite the slowing down of the privatisation process, according to the Geneva-based World Economic Forum (WEF). "India is good news for investors and is high on the global agenda. **Investors are looking at India in the long term. We are not too affected with what has happened last month or last week and are optimistic about its high growth,**" Colette Mathur, director, WEF, said at a conference organised by the Confederation of Indian Industry (CII).

India ranks 3rd in Asia-Pacific human index

India ranked third after Australia and New Zealand in the Asia-Pacific Human Capital Index (HCI) Survey conducted by Watson Wyatt Worldwide, a global consultancy outfit. The study reviewed human capital resources, practices and developments across 12 countries in the region, including Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan and Thailand.

India ranked second in the area of recruitment and retention excellence. "It shows that not only are the investments in recruitment decent, alignment of recruitment with the company policy too is in line. Though companies need to educate employees to self manage their career apart from focusing on retention alone," Shailesh Shah, managing director of Watson Wyatt India said.

India, however scored the top ranking in the communications integrity area reflecting transparency practiced by companies in terms of sharing business plans, strategies, results and information et al. In comparison, it was the **seventh across two dimensions: prudent use of resources and performance management system** which highlighted the fact that, companies need to redesign their retention schemes for better business results.

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CORPORATE SECTOR NEWS

Toshiba opens e-Studio

Toshiba, the Japanese electronic major, has set up a high-tech information hub called 'e-Studio' here, in association with HCL Infosystems Ltd, and announced an additional investment of \$ 1 million in India. **The e-Studio will provide a first hand experience to visitors on the seamless integration of Internet, local area network, digital processing, desktop software applications, imaging technology and document management, company officials said.** It will showcase the most advanced products from Toshiba, including copiers, notebook PCs, projector TVs, and LCD projectors, they said.

Tata Steel in pact with Vivendi Water

Tata Steel has signed a memorandum of understanding (MoU) with Vivendi Water, the global leader in water and wastewater management services, to set up a joint venture company to deliver water service to Jamshedpur. Vivendi Water entered India in 1999. It is currently working with Calcutta Municipal Corporation and as consultant to Chennai Water Board for water supply and wastewater.

TCL plans to enter Indian market again

As the New Year dawns, the domestic consumer will have the option of choosing consumer durables such as colour televisions, DVDs and eventually even mobile phones from one more international company — **the Chinese TCL Overseas Marketing Ltd.** The company earlier had a presence in the Indian market through a tie-up with Baron International. The tie-up, however, ended in 2001. By January next year, TCL plans to get into the Indian market. In the first phase, it plans to market **colour televisions, and DVD players.**

Glenmark acquires Glaxo unit

The Mumbai-based Drug Company, **Glenmark Pharmaceuticals Ltd has acquired the manufacturing facility of GlaxoSmithkline at Ankleshwar in Gujarat** for Rs 140 million in an all-cash deal. Glenmark, which is all set to enter the overseas market, said the unit manufacturing **active pharmaceutical ingredients (API) would be the cornerstone of the company's entry into the regulated market of UK and US.**

Mr. Glen Saldanha, Managing Director and Chief Executive Officer, Glenmark, said that **the company would make its foray in regulated markets by June-July, 2003 with the filing of its first Drug Master File (DMF) with the United States Food and Drug Administration (USFDA). The company has about four to five DMFs ready in its pipeline to be filed with the USFDA.** The company is in talks with several international generic companies to partner in its endeavour to enter the speciality API market in the US and Europe. The company is targeting medium-sized products.

India bags Rs 2 billion hi-tech order

India has obtained **an order worth Rs 2 billion for providing high technology components for the large heron collider used in fundamental research at the European Nuclear Research Centre, CERN, in Geneva,** according to the Secretary of the Department of Science and Technology, Mr V.S. Ramamurthy.

Usha Breco eyes foreign allies for ropeways

Usha Breco, Southeast Asia's largest project engineering company being managed by the Usha Martin Group, is roping in foreign investors for two ropeway projects, one each in Gujarat and Mumbai. **The ropeway projects will have the capacities of around 800 people per hour, being among the largest in the country.**

Both the projects will cater to the tourist sectors in their respective sites, carrying passengers. A company executive said that three foreign investors will bring in around \$2.5 million (approximately RS 125 million) into the country, initially keeping the doors open to more capital infusion at a later date. The foreign investors, based in the UK, operate as pension funds and manage portfolios worth \$50 million, he added.

Niko strikes gas

Niko Resources Ltd, Canada, has made the first discovery in the blocks awarded under the second round of the New Exploration and Licensing Policy (NELP II). **The discovery of gas has been made in the onland block CB- ONN-2002/2 near Surat in Gujarat, according to the Petroleum Minister, Mr Ram Naik. The second discovery of hydrocarbons comes within a fortnight after a major gas discovery by a consortium of Reliance Industries Ltd and Niko Resources Ltd in the Krishna-Godavari deepwaters under NELP I.**

Wipro bags Dubai Dry Docks deal

Wipro Infotech has won an order from Dubai Dry Docks to be its information technology partner. Wipro chairman Azim Premji said in Dubai that the company would implement **an integrated enterprise-wide application across key organisation functions including finance, production, technical, commercial and human resources for Dubai Dry Docks.**

The project is in line with the global trend of outsourcing. It leverages on Wipro's 'global delivery' model, which means that the development of the project will be carried out from a Wipro development center in Bangalore, in India.

Italian firm plans unit in Ambala

The Haryana government has signed a memorandum of understanding (MoU) with Alberto Bertuzzi, an Italian company, for an Rs 120 million **tomato paste unit** at the Saha Food Park in Ambala district. **The unit will process 200 tonnes of tomato a day and benefit tomato growers of the Ambala, Panchkula, Yamunanagar and Kurukshetra districts.** While HSIDC will give land, technical know-how and machinery will be provided by the Italian company. Radha Agro Wax and Alberto Bertuzzi will have equity participation of 55 per cent and 35 per cent, respectively.

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