



Victory for India as G-20 endorses most demands

Addressing the media after the G-20 Summit declaration, Prime Minister Manmohan Singh said that continuation of stimulus and emergence of G-20 as a premier forum were very significant from India's point of view. Dr. Singh underlined that India needed an external environment that would enable it to grow her exports; attract larger capital inflows and better technology transfers. On the subject of G-20 replacing G-8, Dr. Singh stated that no country, however powerful, could take on the entire burden of economic adjustment and decision making that might be required to manage the global system. He further added that it was this reality that had persuaded many in Europe and the US to acknowledge that the G-8 could not handle all global issues, especially with the rise of Asia (India and China), Brazil and Russia. Developing countries, especially the BRIC (Brazil, Russia, India and China), have also been able to push their agenda for a higher voice in multilateral institutions. India can now expect an almost doubling of its quota at the International Monetary Fund from the present 1.87%. The quota of developing countries in IMF will go up 5 percentage points (against 7 percentage points demanded) to 49% by 2011.

FII's pitch tent here, lap up blue chips

Foreign funds have increased their holdings in a host of blue-chip firms during the second quarter ending September, endorsing their faith in India and highlighting the allure of the country's growth prospects as a hedge against a falling dollar. Of the 59 A-group companies that have so far released sharehold-

ing data for July-September quarter, foreign institutional investors (FIIs) have raised stakes in as many as 41 firms, many of them spanning sectors such as real estate, banking and pharmaceuticals. Since April this year, FIIs, many of which had exited India in droves in the wake of the plunge in global markets last year, have pumped in more than \$14 billion in Indian equities, half of which came in the last quarter. While much of the increase in holdings has been through secondary market purchases, foreign funds have also picked up large stakes in a few companies through the issue of fresh shares under the qualified institutional placement (QIP) route. Mumbai-based realty firm HDIL has been the biggest recipient of foreign money among the 59 companies, with its FII holding rising almost four-fold to 26% as on September 30 from 7% in the end of June. Hindustan Construction Company saw its FII holding increase to nearly 27% from 10.8%, thanks to its Rs 480-crore QIP issue. While realty and infrastructure companies have clearly emerged as top FII favourites, companies from other sectors, especially banking and pharma, also attracted good fund buying. Companies, in which FIIs have increased holdings through open market acquisitions, include LIC Housing Finance, United Spirit, Rolta India, Bank of India, Axis Bank, Lupin and Glenmark Pharma.

India elected second Vice-Chair of G-24 countries

India was elected the second Vice-Chair at the meeting of G-24 countries in Istanbul while Brazil replaced Syria as the Chair. India is now just two steps away from becoming the Chair of the Intergovernmental Group of 24 (G-24) nations on international monetary affairs

and development. The Finance Minister of India, Mr. Pranab Mukherjee was elected unanimously as the second Vice-Chair. He would automatically become the first Vice-Chair in 2010-11 and then, in 2011-12, he would be the Chair of G-24 countries," the Government said in a media statement. Till now Syria was the chair, Brazil was the first vice-chair and South Africa was the second vice-chair. In the new order, Brazil is the chair, South Africa is the first vice-chair and India is the second vice-chair. These three countries represent each of the three regions — Africa, Latin America & the Caribbean and Asia — that G-24 comprises. The group was established in 1971 with an objective to concert the position of developing countries on monetary, development finance issues. Its other member countries are Algeria, Côte d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Nigeria, Congo, Argentina, Colombia, Guatemala, Mexico, Peru, Trinidad & Tobago, Venezuela, Iran, Lebanon, Pakistan, Philippines and Sri Lanka.

'Engineering services outsourcing to reach \$40 billion by 2020'

ValueNotes in its latest research said that the engineering services outsourcing (ESO) market was estimated to grow at \$40 billion by 2020 from the current level of \$2.5 billion to \$3 billion and thus presented a huge potential for domestic IT companies. Domestic service providers has the potential to bring down cost in the range of 20% to 40% for the European and The US clients that too in a short period of around 24 months along with a dedicated team set up. Companies such as Tata Consultancy Services, Tata Technologies, Infotech Enterprise would benefit from new opportunities unfolding in the sector, the research pointed out. Quoting examples, the research said in March 2009, Bombardier announced a deal worth \$1.44 billion signed with Lease Corporation International Aviation for a firm purchase agreement for CSeries jetliners. Bombar-

dier has decided to outsource \$200 million worth of engineering services overseas. Bombardier Aerospace has been in business in India with Capgemini and Mahindra Satyam since 2005. Other top aerospace companies; Airbus and Boeing have also been outsourcing to India-based engineering service providers over past many years, so have auto majors Ford and Rolls Royce.

FDI in India crosses US\$ 100 billion mark

India received more than US\$ 100 billion Foreign Direct Investment (FDI) through equity since 2000 up to July this year, according to the data released by the Department of Industrial Policy and Promotion (DIPP). The cumulative FDI inflows since 2000 and up to July 2009 amounted to US\$ 100.33 billion, with the inflows in the first four months of the current financial year amounting to US\$ 10.49 billion, according to DIPP. The major investors accounting for this inflow include Singapore, the US, the UK and the Netherlands. Rajiv Kumar, CEO and Director of economic think-tank ICRIER said that this was a reflection that India was being taken as a safe and dynamic destination for investment as the economy was growing at 6 per cent. He added that the investors also want to diversify their portfolio from China by investing in India. India's services sector attracted the most inflows, accounting for 23 per cent of the cumulative equity FDI inflows followed by computer software, hardware, telecommunication and real estate.

It's raining orders for India Inc

India Inc's order book has more than doubled to an all-time high of Rs 73,320 crore (US \$ 15939.13 million) in the second quarter of the current financial year, compared to the first quarter. On a year-on-year basis, the increase is 21 per cent. An analysis of order book announcements by 63 companies shows

that capital goods, engineering and infrastructure have led the way, cornering 86 per cent (Rs 63,439 crore) (US \$ 13791 million) of the total orders. The remaining Rs 9,881 crore (US \$ 2148 million) went to gems & jewellery, pharmaceuticals and telecom. Larsen & Toubro (L&T) topped the list with new orders worth Rs 14,253 crore (US \$ 3098 million). The order backlog was equally impressive and suggests strong revenue streams for the next few years. Electrical equipment giant Bharat Heavy Electricals Ltd has an order backlog of over Rs 117,000 crore (US \$ 25434.78 million), which could see the company through for the next four years. Engineering major L&T has a total order book of Rs 70,000 crore (15217.39 million), which is almost 1.75 times its annual turnover. The bulk of orders have come from public sector undertakings and Central and State Governments. Foreign companies accounted for a quarter and the private sector for the rest.

VW begins component sourcing from India

German auto major Volkswagen announced that it had started sourcing auto components from India for its European factories. According to Jörg Müller, President and Managing Director of Volkswagen Group India, India would become one of the major sources of components for its global units. The company has also set a target to capture 8-10 per cent of market share in the passenger car segment in India by 2014, with a series of launches and by doubling the number of its dealers. The Pune plant represents the largest investment to date by a German company in India country. The plan is to employ 2,500 people there by the end of 2010

India Inc on mop-up mode; raises Rs 33,800 cr equity in Sept quarter

Fund-raising in Indian capital market

gathered pace in the quarter ended September. The Rs 33,800 crore (US \$ 7347.82 million) mopped up during the quarter from 34 offers was quite a jump from the Rs 700 crore (152.17 million) raised through some ten offers in the same quarter of 2008. At Rs 16,200 crore (US \$ 3521.73 million), Qualified Institutional Placements (QIPs) accounted for almost half the total amount raised, and included those of companies such as Axis Bank and Opto Circuits. A good many more issues are lined up for the coming months. The earlier high in QIP activity was in the December 2007 quarter when Rs 13,900 crore (US \$ 3021.73 million) was raised through 22 issues. The September 2009 quarter also saw a flurry of Initial Public Offers (IPOs), which bought in about Rs 12,700 crore (US \$ 2760.86 million) in capital, featuring both big-ticket IPOs such as of Adani Power, Oil India and NHPC and a bunch of smaller ones such as of Excel Infoways and Globus Spirits.

India-born scientist wins Nobel Prize in Chemistry

An India-born structural biologist whose quest for scientific excellence took him from undergraduate schools in India to graduate and post-doc studies in US and research in UK was jointly awarded the Nobel Prize in Chemistry for work on proteins that control life. Dr Venkatraman "Venky" Ramakrishnan, 58, who had his early education in the temple town of Chidambaram, Tamil Nadu, and Vadodra, Gujarat, before he made tracks to the United States, joined the long list of peripatetic Indians who had early education in India but thrived in the western academic eco-system, to have won the Nobel. Also with a chemistry Nobel, Indians or those with an India-connect figure in all prize categories. The Swedish Nobel Committee awarded the Prize to Dr Ramakrishnan, who is currently affiliated with the MRC Laboratory of Molecular Biology in Cambridge, UK, for his work on protein-producing ribosomes, and its

translation of DNA information into life. He will share the Prize with Dr Thomas Steitz of Yale University, Connecticut, and Dr Ada Yonath of Weizmann Institute of Science in Israel.

16 Indian cos in Forbes Asia's 200 'small' Best

Sixteen Indian companies figure in this year's Forbes list of mid- and small-size companies – "Asia's 200 Best Under A Billion". The list include Biocon, Birla Corporation, Deepak Fertiliser, Divi's Lab, Everest Kanto Cylinder, FDC, Geodesic, GSS America Infotech, ICSA, IVRCL, Micro Technologies, Nitin Fire, Opto Circuit, Pareskh Aluminex Raj Television and Selan Exploration. Forbes said: "This year's list of the best small- and mid-size companies in the Asia-Pacific region is chock-full of survival stories and lessons for entrepreneurs

HAL to make crucial Boeing parts in Bangalore

Hindustan Aeronautics Limited (HAL) and Boeing signed an agreement to work together for the production of flaperons for the Boeing's 777 series of commercial jetliners. The work will be performed in Bangalore. The 777 flaperon is a highly complex composite assembly that is instrumental in controlling the airplane's maneuverability in flight. Referred to as "control surface," flaperons work both as an aileron to control roll and as a flap to control lift. The composite 777 flaperon that HAL will produce represents a significant leap forward in technological capability, and supports Boeing's strategy to work in partnership with India's aerospace industry for the long-term.

India 9th in world tree planting

India has been ranked ninth in the tree planting roll of honour in a campaign to plant a billion trees, which was launched by the United Nations Environment Programme (UNEP) in November 2006. The

country has registered 96 million trees. Under this plan, civil society and governments were asked to register the number of trees that have been planted in their respective countries. So far, 167 countries have participated in this programme. The initial target set by the UNEP was to plant at least one billion trees worldwide each year. After the campaign hit the two billion mark in May 2008, the UNEP decided to set a new goal of seven billion trees, which is one for every person on the planet. The four billion mark was reached in May 2009. India, however, could be much higher in the ranking, according to UNEP officials who say that the country does not formally register or report all its campaigns.

DISCLAIMER

The information given in the Newsletter is prepared on the basis of various inputs available to the Embassy and is for general reference. It should not be construed as an endorsement of the views contained therein

**EMBASSY OF INDIA,
SWITZERLAND**

KIRCHENFELDSTRASSE 28, CH-3005 BERNE

TEL : 031-350 11 30 Fax : 031-351 15 57

E-mail : india@indembassybern.ch

Website : www.indembassybern.ch