

Trade-Technology E-Zine 11

(Centre for International Trade in Technology)

India climbs three positions to 9th in industrial output

India has emerged among the top ten countries in industrial production, according to a UNIDO report. Climbing three positions to the 9th place in 2009, India has left behind leading economies like Canada, Brazil and Mexico. The United Nations Industrial Development Organisation (Unido's *Yearbook of Industrial Statistics 2010*) shows that USA and China lead the rankings.

The other countries in the top 10 are Japan, Germany, Republic of Korea, France, Italy, the United Kingdom and Brazil. The sectors in which India have come in the top ten are in leather and its products, footwear, coke, refined petroleum products among others.

Despite India's growth in industrial production, the manufacturing value added per capita still remains a concern. India's MVA per capita, according to the *Yearbook*, is \$283 compared to \$631 of Brazil and \$1,093 Mexico.

(The Financial Express, 6 March 2010)

India slips to 41 in CII-INSEAD global innovation rankings

INDIA has slipped in the global innovations rankings to the 56th spot compared to 41st last year said a study conducted by Confederation of Indian Industry and B-school INSEAD.

Last years chart topper, US, slipped to the 11th position this year while Iceland climbed up the ranks to take the top position in the Global Innovation Index (GII) for 2009-10. Sweden, Hong Kong (China), Switzerland and Denmark follow Iceland in the index.

According to the study, which covered more than 130 countries, India is among the top 60 economies when it comes to innovation, and ranks among the top 20 Asian & Middle-Eastern economies. India was ranked ahead of economies such as Indonesia and Sri Lanka, but falls behind others such as Malaysia, China and Korea. In the Asian & Middle-Eastern region, which includes New Zealand and Australia, Hong Kong has been ranked at the top followed by Singapore, New Zealand and Japan.

Only two Asian economies; Hong Kong & Singapore feature in the top 10 countries in the index. Singapore, too has slipped in the index from its 5th position last year to 7th this year.

The index takes into account aspects such as institutions & policies, human capacity, ICT infrastructure, market and business sophistication and high-tech exports.

(The Economic Times, 4 March 2010)

Era Infra bags Rs 508-cr orders

Era Infra Engineering has bagged orders worth Rs 508.88 crore for construction related work. The company said it had bagged a Rs 369.70-crore order from Bharatiya Rail Bijlee, a subsidiary of NTPC, for civil related works, a Rs 59.48-crore order from the Steel Authority of India and an order worth Rs 51.14 crore from another vendor. Era Infra has also bagged a Rs 28.56-crore order from the Rural Electrification Authority, Lusaka, Zambia, in association with Chamb Investment, for supply, installation and commissioning of grid extension and transformers.

(The Hindu Business Line, 4 March 2010)

FDI in infotech industry slips to eighth place

The country's computer hardware and software industry, which was at the fifth position till last fiscal in terms of foreign direct investment (FDI), has dropped to the eighth rank, with a 58.5% drop in FDI in the current financial year. According to figures from the Department of Industrial Policy and Promotion (DIPP), FDI flow into the sector stood at Rs 2,763 crore from April to November in 2009-2010 compared to Rs 6,670 crore in the same period in fiscal 2008-09 and Rs 4,217 crore in 2007-08.

During April-November 2009-10, total FDI equity inflows stood at Rs 93,354 crore (\$19,379 million) against Rs 85,700 crore (\$19,791 million) during the corresponding period in 2008-09.

Pecking order				
Rs in Cr	Apr-Nov		Growth(%)in	
Sector	2007-08	2008-09	2009-10	2009-10
Services Sector	9,121	1,5919	16,566	4.06
Telecommunications	3,963	9,231	10,811	17.12
Housing & Real Estate	5,161	8,353	10,565	26.48
Construction	3,593	7,490	8,380	11.88
Agriculture Services	426	16	6,327	39,443.8
Power	208	3,420	5,994	75.26
Automobile Industry	1,191	3,401	4,499	32.28
Software & Hardware	4,217	6,670	2,763	-58.58

Source: Department of Industrial Policy and Promotion

(The Financial Express, 4 March 2010)

Research & Development Expenditure

Budget Change: The Finance Bill of 2010 proposes several changes in weighted deduction on R&D expenditure.

	Existing(%)	Proposed(%)
In-house R&D	150	200
Approved institutions	125	175
Social science and statistical research associations	-	125

Income of social science and statistical research bodies will now qualify for tax exemption.

Impact Analysis: This proposal continues the Government's thrust on domestic R&D in this "Decade on Innovation". This should encourage corporates, especially in sectors like pharma, telecom, metal & mining, oil & gas, among others, investing heavily in R&D-- both in-house and through research institutions. Weighted deduction indirectly amounts to partial funding by the Government.

(Business Standard, 3 March 2010)

Hero Motors ties up with German company

Hero Motors Ltd. has announced a partnership with the Germany-based ZF-Lemforder, under which it has formed a new joint venture company called ZF Hero Chassis Systems. The new company, formed after the ZF Group's acquisition of a 50% stake in Hero Motors' Chassis Systems business, will invest Rs 80 crore over the next two years to set up two new plants.

Hero Motors, part of the \$4.5 billion Hero Group, will hope to leverage ZF's technological expertise in the design and manufacturing of chassis systems for the small car market in India. Hero Motors also operates a joint venture with the Japanese firm Sumitomo and a technology agreement with Magna.

(The Hindu Business Line, 3 March, 2010)

Eurocopter, Pawan Hans plan two joint ventures

Eurocopter, the world's leading helicopter manufacturer, and Pawan Hans Helicopter Ltd, the largest civil helicopter operator in India, have announced the formation of two joint ventures to set up a Maintenance Repair and Overall (MRO) unit and a copter pilot training facility.

Both the MRO and the training facility, which will have a full-flight simulator for the AS 365 N3 Dauphin copters, will be set up in a single location either in Mumbai or Delhi. As the MRO facility is being planned for a capacity of 50-60 copters annually, it would be used to service similar copters for other companies, as well as those deployed in neighbouring countries. India at present has 26 Dauphins in operation. Pawan Hans is the biggest Indian customer for Eurocopter, which has a 52% share in the global civil and para-public helicopter market.

(The Hindu Business Line, 3 March 2010)

CFM opens aircraft engine training unit in Hyderabad

Aircraft engine manufacturer CFM International, a 50:50 joint venture between France's Snecma and General Electric Company of the US, opened a new engine training centre in Hyderabad.

The centre, CFM's fourth such centre globally (the other three being in the US, China and France), has the capacity to train 500 engineers annually. The centre will train engineers for the maintenance of CFM56 engines — currently, more than 320 such engines are in service in India, with an additional 360 on order.

Located at the Aerospace Park SEZ being developed by GMR Hyderabad International Airport Ltd, the centre will see an incremental investment of \$15 million over the next decade, including initial start-up costs.

The unit will provide advanced hands-on courses on maintenance and borescope inspection for CFM56-7B and CFM56-5B engines, which power Boeing next generation 737 and Airbus A320 aircraft, respectively. In addition to Indian operators, the facility will also provide training to students from neighbouring regions such as Singapore, Malaysia and the Philippines.

(The Hindu Business Line, 3 March 2010)

Hind Dorr-Oliver buys UK engg firm DavyMarkham

Hindustan Dorr-Oliver (HDO) Ltd, a subsidiary of the Hyderabad-based IVRCL Infrastructures and Projects Ltd (IVRCL), has announced the acquisition of Davy Markham, a Sheffield (UK)-based engineering services company, for about Rs 66 crore (£9.5 million).

DavyMarkham, an 180-year-old manufacturing company based in Sheffield, UK is involved in design, manufacture and assembly of large equipment used in mining, quarrying, power generation, oil and gas and nuclear reactors.

The UK firm services international markets with tunnelling and mine hoisting equipment and undertakes the machining of individual components weighing up to 350 tonnes.

(The Hindu Business Line, 3 March, 2010)