

China, India lead consumer confidence survey



FIRE BY BUOYANT markets and high economic growth rates, China and India topped AC Nielsen's latest Consumer Confidence Study. While China ranked as the most optimistic among all markets surveyed, with 78 per cent of consumers looking forward to further economic improvement over the coming year, following closely behind were India (77 per cent) and Indonesia (76 per cent). Completing the top 10 spots were the United States, ranking ninth (43 per cent), followed by Norway at 10th (42 per cent). Among the top 10 countries in the world that are most optimistic about the next 12 months, eight are from the Asia-Pacific region.

This robust degree of consumer confidence among Asian markets such as India, China and Indonesia has contributed to the Asia-Pacific region's overwhelming optimism compared

India world's largest cell market

AFTER CATCHING up with China in mobile subscriber growth in December 2005, India is set to surpass the dragon to become the world's fastest growing cellular market. India will add a whopping 358 million mobile subscribers between '06 and '11, according to Portio Research's study on 'Top 25 Mobile Growth Markets Worldwide'.

China, the largest mobile market now, will rope in 354 million users during the period, becoming the second fastest growing market. "In 2006, we expect to see the Asia Pacific region break the magic 1 billion subscribers mark, the Middle East should cross 50 million and Europe pass a total of 700 million subscribers across the entire region," it said.

A substantial part of the forecast subscriber growth from the beginning of 2006 to end-2011 will be witnessed in the Asia Pacific region, with vast growth opportunities in China,

with Europe and the US. This bodes well for the outlook of global investors, who have pinned their hopes on the Asian economies. For the Asia-Pacific region as a whole, 40 per cent of consumers surveyed thought their country's economy had improved over the previous six months, and 53 per cent expected it to improve further over the next year.

In the section of the survey on 'How We Spend Our Spare Cash', consumers appeared to respond differently. For Indians, buying new clothes, short local vacations, home improvements and investing in shares and mutual funds seems to be a greater priority than consumers in other parts of the Asia-Pacific region. For 50 per cent of Indians, saving money is also a priority, like most other countries in Asia.

Ericsson to invest \$100 million in India every year

SWEDISH telecom equipment giant, Ericsson, has committed \$100 million annually in India for years to come as the country was an important market for them. Ericsson India's country head Mats Granyrd said: "We are committing an investment of \$100 million every year and we shall continue to do so as long as we are getting returns on our investment...We view India as one of the very potential markets for telecom services, be it mobile or wireline broadband and this may continue for some more years." Granyrd was speaking on the occasion of the roll out of the one millionth wireline broadband line in India.

Both in the GSM mobile arena as well as rolling out wireline broadband infrastructure, Ericsson has a substantial market share with claims of about 40 per cent. Ericsson's future plans include offering a platform to telecom operators enabling them to offer voice, broadband and video (cable) on a single line and also live broadcast feed on mobile phones.

The company is in talks with various operators including state-owned MTNL, Bharti and VSNL.

India, Pakistan, Bangladesh, Thailand, Indonesia, Vietnam and the Philippines. "By 2011, we estimate that the Asia Pacific region will account for approximately 50 per cent of the world's entire mobile subscriber base, with a staggering 1.07 billion subscribers between China and India alone, the world's two biggest mobile markets," said the study.

China has been adding about 4-5 million mobile users per month. India achieved this landmark in December 2005 when the mobile subscribers addition reached around 4.5 million in a single month. The mobile user base in India in end-December was around 76 million while it was 388 million in China.

Briefs

Dr Reddy's buys Betapharm

DR REDDY'S Laboratories, in the largest purchase of an overseas firm by an Indian company, beat back a determined challenge from Ranbaxy Labs to buy Germany's Betapharm group for about \$570 million. With the acquisition, it will get control of Betapharm's portfolio of 145 long-term therapy products. The purchase value of about \$570 million is the largest-ever paid by an Indian company for another overseas firm and dwarfs Tata Steel's purchase of Millennium Steel of Thailand which cost over \$400 million.

\$10 billion FDI target

THE government is targeting an overall FDI inflow of \$10 billion during 2006-07 and expects around \$7.5 billion in the current fiscal year ending March 31, 2006. The actual FDI inflow till October this fiscal was \$2.59 billion.

Software exports

FOREIGN investment in the IT and telecom sector is expected to double in 2006, said Communications and IT Minister, Dayanidhi Maran. He said software exports for 2005-06 is expected to increase 30 per cent. Software and ITES exports for 2004-05 were around \$17 billion, up 34 per cent from \$12.8 billion for 2003-04.

'India fastest growing online market'

EBAY president and CEO Meg Whitman expressed her confidence in the Indian e-commerce market on her maiden visit to the country and stated it was the fastest growing online marketplace in the Asia-Pacific region and among the top three fastest growing worldwide.

Bosch to invest \$405 million

GERMAN auto component major Bosch has announced that it would invest \$405 million in the Indian market between 2005 and 2008, which is an addition to the \$226 million investments already earmarked earlier.

FDI in retail

THE Congress-led UPA government partially opened retail markets to foreign investors early this year. The Cabinet approved 51 per cent FDI in retail of single-brand products. Currently, single-brand retailers operate through the franchisee route and there is a strong view that FDI in this segment won't displace jobs or impact the local industry but help create employment.

Clean-up opportunity at \$20 billion

THE GROWING need for technological solutions to tackle pollution could turn India's \$1 billion environment industry into almost \$20 billion market by year 2020, according to a Canadian official.

"With growing urbanisation, the pollution levels in the country are also rising. High-end technological solutions are required to tackle this. Hence, the country's environment solution market could increase," says Saroj Mishra, Trade Commissioner (climate change and energy), Canadian High Commission.

"India represents significant opportunities estimated at \$3.1 billion and expected to grow up to \$20 billion by 2020," Mishra said. "The Indian market offers a full range of opportunities, including water and wastewater treatment, waste management, hazardous waste management, transportation and alternative fuels, green buildings, air pollution, wind energy, biomass/cogeneration, small hydro and solar energy," he said.

According to him, the largest chunk of investment in this segment in the country is being made towards wastewater management. "Almost 60 per cent of the \$3.1 billion market is devoted towards waste water management due to the enormity of the problem."

Sarees as furnishings

OLD BENARASI and other Indian sarees, reincarnated as curtains, bedspreads, quilts and what not, are adding a dash of colour to homes in the West in contrast to the traditionally minimalist décor there.

At Bloomingdales, the Christmas sale comprised sarees made into spectacular pairs of organza tissue and silk curtains/drapes in shimmering shades of maroon, ruby reds, sage greens, purple and lavender with exquisite swirling hand embroidered motifs in silver and soft gold and elephant motifs hand woven on the border.

It said *Made in India*, and for size 90L' x 41W', was priced down at \$182 from its original price of \$354. "We have a lot of queries about these, and the old sarees in their new incarnations are a rage here," says interior designer Rachel Adams.

"Lots of stores in the West are stocking these ethnic creations made from old sarees because they add a hint of exotica with our pale colours and minimalist furniture," Adams said. "In the West people are tired of plain pastels and soft sombre shadings. They want something to liven up things a little and ethnic fashion is quite a revolution. That is why furnishings get an extra edge of winsome vintage when the old Benarasi saree gets reincarnated."

Saree borders are also finding buyers because they are used on belts, jackets and other apparel.



Briefs

Special Economic Zones

THE government has announced its Special Economic Zone policy, which is expected to garner \$22.6 billion investment by 2009. The new policy promises much simpler procedures for setting up and conducting business in India. For information on investment opportunities in India, visit www.investmentcommission.in

Tishman in Indian realty

US-based real estate developer and investor Tishman Speyer and India's ICICI Ventures will invest more than \$1 billion over the next three to five years in India. The fund marks the biggest commitment to real estate in India after India allowed 100 per cent FDI in townships and housing projects last year. Tishman, which owns the New York Times Building and Rockefeller Center, has teamed up with the private equity arm of ICICI Bank, India's most valuable bank, in TSI Ventures (India) Pvt. Ltd. to build commercial, residential and mixed-use properties across India.

TV News: 26 per cent FDI allowed

THE government has allowed 100 per cent foreign direct investment in uplinking of television channels in the non-news category and 26 per cent for news channels. This would have to be done with prior approval of the government.

BHEL to set up 500 MW plant in Sudan

INDIA has signed an agreement with Sudan for a \$350 million line of credit for setting up a 500 MW power project by Bharat Heavy Electricals. The total project cost of around \$500 million is being shared by the two countries. The government of Sudan plans to expand the project to 3,000 MW. "This would open up more opportunities for BHEL," Sudan government officials said.

SBI to open 100 foreign branches

THE State Bank of India has decided to increase the number of its foreign branches and offices to 100 from the present 58 within the next two years. This move will enhance its presence in all major capitals around the world. In accordance with the directive of the Union Finance ministry, the entire process would be completed by 2007-08. At present, SBI has a presence in 35 countries with 58 offices and branches.

Consumer durables: 10-12 per cent growth predicted



LEADING consumer durables players and experts predict a 10-12 per cent growth for the sector in 2006. Their confidence stems from the fact that calendar year 2005 saw a growth of 8-10 per cent in the \$4.7 billion sector, driven by high-end categories.

"We expect 10 per cent growth for colour TVs, over 20 per cent for both air conditioners and microwave ovens, 3-5 per cent for refrigerators and 8-10 per cent for washing machines," says Suresh Khanna, secretary-general, Consumer Electronics and TV Manufacturers' Association.

Retail consultancy KSA Technopak expects a 12 per cent growth for the consumer durables market. Opportunities for the sector lie in smaller markets and in tapping the urban poor. 2006 will also be the year when Indian consumer durable majors Videocon and Onida will compete better against the South Korean chaebols, having enhanced their product range in both consumer electronics and home appliances, felt Rajeev Karwal, Former chairman, consumer durables division, Confederation of Indian Industry.

Although leading players say there will not be any significant price drop with prices stabilising and maximum erosions having taken place, an industry source said the plasma display panel and LCD TV categories would see at least 10 per cent price erosion.

LG is targeting a turnover of over \$2.2 billion this year, up from \$1.7 billion in 2005. Key growth drivers for the company would be information technology and GSM where it is targeting a sale of 1.5 million GSM handsets, up from last year's 0.5 million units. The company is also expecting a 100 per cent growth in flat TV sales.

While refusing to divulge its plans so soon, Samsung's deputy managing director Ravinder Zutshi said the company was expecting its flat display panels to contribute four per cent in 2006, compared with 1 per cent last year. The soccer World Cup in 2006 is expected to brighten the prospects of the CTV industry in certain states like West Bengal and Goa.

New product launches are being lined up, especially in the flat TV, LCD TV and plasma display categories. While Videocon would launch its 32-inch LCD TV in March this year and a 42-inch plasma by Diwali, it was targeting better sales in the 29-inch flat TV category which contributed 13 per cent to sales.

Onida already had the largest flat TV range, having recently launched four new 21-inch flat TV models and two 29-inch flat TV models. The company will also launch a revamped AC range soon.