



## We grow only when you grow...

Destination India has been so exciting in the year 2007 that Investors can explore "Opportunity Orissa" to park tailor made investments of any kind, fitting to their need and competitive advantage, with precision and ease of doing business in Orissa.

And here we are at IPICOL, a dedicated TEAM, in alertness to facilitate, guide & assist Investors at each stage. Committed to deliver, meet aspirations. You, as an Investor, are most welcome in **IPICOL: the Secretariat of TEAM ORISSA.**



## Our best wishes to each and all...

**PROSPERITY: GROWTH: FULFILMENT**  
*IN THIS NEW YEAR - 2008*

**Let us look ahead: 2008**

### Endorsements: 2007 Views on India

*"We came to India for the costs, stayed for the quality and are now investing for innovation"*

Dan Seheinman,  
CISCO System Inc.

*I am returning from India with great enthusiasm. India has made solid progress on two counts - savings and FDI.*

Stephen S Roach,  
Chief Economist,

**Morgan Stanley**

*We are also looking to source more (auto) parts out of India for our global operations.*

Rick Wagoner,  
Chairman and CEO,  
**General Motors**

*"With the Indian economy showing 8-9 per cent growth over the years, more and more Japanese investors are becoming keen to invest in this emerging market."*

Yoshihiro Hasegawa,  
Chief Representative,

**Daiwa Securities**  
**SMBC Co Ltd**

*India is now truly a land of opportunity.*

- John Redwood,

**Economic**  
**Competitiveness**  
**Policy Group, UK**

## Indian economy: Inherent Strength

As the second fastest growing economy in the world, the Indian economy is displaying the ability and potential to sustain a higher growth trajectory of 8.5-9.0 per cent GDP growth per annum. Besides, indicators like greater outsourcing in fields like IT, auto-ancillaries, pharmaceuticals, strengthening rupee and a booming stock market, clearly reflect that India growth story is going strong.

The growing mergers and acquisitions are enabling Indian companies to create a vital niche for themselves and is also opening out opportunities for foreign talent, thereby starting a new trend of reverse outsourcing.

India's competitive edge is further underlined by the fact that India is the world's fourth largest economy in terms of purchasing power, has over 300 million-strong growing middle class and huge forex reserves of nearly \$250 billion.

India's unique demographic dividend, as indicated by her large growing young talented population, is an asset which is sharpening her competitive edge even over China. India's large pool of scientific & creative human resources and R&D facilities make her a power to reckon with as an emerging knowledge economy.

The economy is on an auto pilot mode, with fast emerging business and investment opportunities due to growing linkages both backward and forward within the economy and also with the outside world. Today, India's remote and hilly areas have passable roads, sport utility vehicles (SUVs), cell phone service and hotels. All this speaks of momentum and progress. India offers abundant opportunities to get rich quick.

- Goldman Sachs in its study of BRIC economies, projected that India will become the second largest economy in the world by 2050 after China and ahead of US.
- The Organisation for Economic Cooperation and Development (OECD) in its Employment Outlook 2007 report said India, the world's second-fastest growing economy after China, generated more than 11 million new jobs every year during 2000 and 2005 —higher than Brazil, Russia and China.

*With markets so exciting here, one may ask, why invest abroad?*

- Richard C Wastcoat, MD,  
**Fidelity Investment International, UK**

*"We are very bullish on the Indian market. We already have relationships with a variety of companies in the areas of aviation-related software development and back office."*

-James McNerney,  
**Chairman, President and CEO, Boeing Company**

- A sharply rising rupee, currently at below 40, to a decade high against the dollar and record share prices have now resulted in India's stock market joining an elite club with a capitalisation of more than one trillion dollars.
- As per the Global Competitiveness Report 2006-'07 brought out at the World Economic Forum, India's Growth Competitiveness Index (GCI) in 2006 was 43 (up from 45 in 2005), above that of China (54), Russia (62), Brazil (66). India is the only country that improved its ranking among BRIC countries (Brazil, Russia, India and China).
- As per the IMD World Competitiveness Index 2007, India is approaching the top - 25 globally competitive economies, with its rank moving up 2 points from 29 in 2005 to 27 in 2007.
- A T Kearney's Global Retail Development Index ranks India as the most attractive investment destination, while A T Kearney's FDI Confidence Index places India at the second spot behind China.
- India's export performance has improved dramatically despite the rising rupee. The Government has now set a lofty \$ 160bn export target for 2007-08, as against the actual achievement of \$124.63bn in 2006-07.
- India received a record \$16.4bn in FDI and \$10bn in foreign portfolio funds in 2006-07.

The surging Indian economy is emerging as an economic power house and people now talking **"CHINDIA"**, a term that refers to China and India together in general and their economies in particular, indicating the importance of the Indian economy in the global arena.

## ASSOCHAM Echo plus Study:

**-Top ten states-  
Investments (in Rs.Crore)**

| Rank | States         | Capex  |
|------|----------------|--------|
| 1    | Orissa         | 55,800 |
| 2    | West Bengal    | 31,200 |
| 3    | Maharashtra    | 9,834  |
| 4    | Andhra Pradesh | 8594   |
| 5    | Kerala         | 6000   |
| 6    | Karnataka      | 5045   |
| 7    | Gujarat        | 4032   |
| 8    | UP             | 2410   |
| 9    | Rajasthan      | 2000   |
| 10   | Chennai        | 1725   |

**Indian Oil Corporation** made the largest investment plan of Rs 435 for expansion of capacity. The company also unveiled plans for setting up world-class petro-chemical production centres in cities of Orissa, West Bengal and Tamil Nadu.

**SAIL** ranked third in terms of capital investments worth Rs 123 bn with an aim to increase the production of iron ore to two million tonnes of by 2010-11.

## Strengthening Power Transmission System in Orissa

### Additional sub-stations

- 14 more 132 Kv
- 3 more 220 Kv
- 2 more 400 Kv

## Orissa No.1 Investment Destination in India

Orissa attracted whopping investment plans of **Rs 558 bn, especially in steel and oil refinery capacity reflecting the high investment spree** by the companies in the core infrastructure sector according to the ASSOCHAM Study on 'Investment Announcements' for period of August and September 2007.

Total Investment announcements surged to Rs1.75 trillion in August and September 2007. The AEP tracked investment announcements made by 70 companies in Indian private sector like petroleum, steel, hospitality, real estate.

With increasing energy requirements of the rapidly growing Indian economy the petroleum sector as a whole attracted maximum number of investment announcements, totaling to Rs 533 bn with Indian Oil Corporation (IOC) and Reliance Group, planning to mop up Rs435 bn and Rs 80 bn, respectively.

- West Bengal - The major investors would be by Jai Balaji Industries, a steel company that announced capex of Rs 160 bn for setting up cement and power plants, followed by Indian Oil Corporation (IOC) (Rs145 bn) and DLF (Rs 7 bn).

- Maharashtra - Mumbai continues to remain the most favoured location by the services-based companies, which announced Rs 85 bn capex plans in areas of hospitality, entertainment and IT. The fast growing city of Pune attracted Rs13.34bn investments.

With major expansion activity under its way, cement and steel sector attracted investments from the leading corporates totaling to Rs. 28,300 crore.

The hyper growing real estate sector saw investment announcements of Rs187.5bn. The major corporates investing were Essar group real estate venture, Suncity Project with a major share of investments of Rs90bn, HDIL (Rs20bn), Hines Real Estate (Rs12bn).

Hospitality sector also attracted major share of investments with tourism sector growing at an average rate of 19.97%.

Automobile sector ranked fifth on account of the only investment made by Mahindra and Mahindra worth Rs 64 bn for setting up a research centre in Chennai.

## Transmission improvement in Orissa

Orissa Power Transmission Corporation Limited (OPTCL) will invest about Rs. 600 crore for strengthening of the power transmission infrastructure in the state to meet the demand of power for rural electrification and the upcoming industries. **Fourteen 132 Kv substations** will be set up in **Barbil, Purusottampur, Anandapur, Banki, Bhawanipatna, Paradeep, Nuapada, Kuchinda, Chandapur. Padmaur. Boudh and Kalinga Naagar.**

## Power Capacity: Orissa

State sector - 2815 MW

- Thermal - 880 Mw
- Hydel - 1935 Mw

From Central Pool-1026 MW

- Thermal- 951 Mw
- Hydel-75 Mw

**"It is the only Indian state where all sources of fiscal correction have contributed significantly to its fiscal betterment"**

- The World Bank

## KPMG-CII report

By world standards, India's current level of energy consumption is very low. For the year 2004-05, the total annual energy consumption is estimated at 572 mtoe (million tonnes oil equivalent) and the per capita consumption at 531 kgoe (kg oil equivalent).

**Bhubaneswar is the first Indian city to adopt a city-level renewable energy and energy efficiency policy.**

**Thanks to BMC for their road shows effort in the city on:**

### -ENERGY CONSERVATION -

In a bid to make homes as models of energy efficiency, Local Renewable Model Communities Network (LRMCN) promoted by Bhubaneswar Municipal Corporation (BMC) and ICLEI, an international NGO, passed on housewives, the tips on energy saving.

- 30 percent of the domestic energy is used in kitchen.
- Domestic energy consumption constitutes 10 per cent of energy used in State.
- The LRMCN has opened a cell in BMC office to make people aware energy conservations tools.

220 Kv substations will be set up in industrial belts like **Jharsuguda, Khurda and Bonei** (Sundergarh district). Two 400 Kv sub-stations will be set up in **Sundergarh and Keonjhar** districts.

## Orissa Economic Report by World Bank

..... that Orissa is a shining example of fiscal turnaround and has over fulfilled the targets set in the medium term fiscal plan (MTFP). Praising Orissa for its initiatives, the report says that Orissa experience shows that it is possible for poor states to significantly enhance their own revenues through tax policy and administrative reforms. While fiscal deficit has been reduced to less than half a percent of GSDP, it has eliminated the revenue deficit three years ahead of the target....

## India's Energy sector needs \$150 bn over five years

The report titled '**India Energy Inc. — Emerging Opportunities and Challenges**', released recently at the CII-India Energy Conclave 2007, said India's power and upstream energy sectors need investments to the tune of \$120-150 billion over the next five years.

It emphasises the need for strong private sector participation to complement public sector and to bring in the required capabilities and technologies. Policies have increasingly recognised the need to promote private investment.

With a targeted gross domestic product (GDP) growth rate of 8-10 per cent and an estimated energy elasticity of 0.80, energy requirement is expected to grow at 6.4-8 per cent. This would mean a five-fold increase in energy requirement over the next 25 years. Energy transport infrastructure such as ports, railways, pipelines and power transmission networks need significant investment.

Dealing with the key opportunities in the sectors, the report says **India has one of the largest reserves of the nuclear fuel, thorium**. However, the nuclear energy programme will continue to be uranium-based until commercial production based on thorium becomes feasible.

The policy now allows private participation in all these areas and some private sector activity is already under way. Tariff reform in the energy sector and distribution reform in the power sector are two important steps that need to be successfully carried out. Tariff reform to phase out subsidies or to target them effectively and distribution reforms to bring efficiency in the power sector are vital.

## Neyveli Lignite Corporation plans coal fired 2000 MW power plant in Orissa

NLC is India's biggest lignite mining and lignite based power generating company. It currently operates two lignite based thermal power plants, three large mines, a fertilizer factory manufacturing urea and a briquetting and carbonizing plant. It proposes setting up 4 x 500 megawatt thermal plant at Rengali in Sambalpur district of Orissa at an investment of around Rs.10,000 crore.

Orissa as of now has signed 13 Memorandum of Understanding (MoU) with different independent power producers (IPPs) and central power utilities to set up power plant in the state aggregating 15,000 MW. Recently the government has also accepted another 15 fresh proposals for setting up power plants, which is under study.

### NALCO - Rs 409 crore expansions by 2008 year end.

The public sector aluminium major National Aluminium Company Ltd, in Orissa, will invest about Rs 409 crore for up gradation and expansion of capacity. **NALCO** is all set also for setting up a 5 lakh tonne smelter plant and 1,250 mw power plant in **Indonesia**.

- To raise the alumina refinery capacity from 21 lakh tonne to 22.75 lakh tonne
- To expanded bauxite mines capacity from 63 lakh tonne to 68.25 lakh tonne
- To increase Power generation capacity to 1,000 mw
- **Second phase expansion, at an investment of Rs 5,100 crore, now on full swing**

## NALCO to set up 100 acre Aluminium Park

Out of average 30,000 tonnes of aluminium produced by Nalco's smelter at Angul per month, 28,000 tones are dispatched outside the state with only 2000 tonnes getting consumed in the state.

The proposed park is expected to increase the metal consumption within the state to 20,000 tonnes per month

**Mr. CR Pradhan, Chairman & Managing Director, NALCO.**

"I would like to mention the special progress by the two sides in **setting up a joint venture for the production of titanium dioxide** and other titanium products in the **state of Orissa**"

**Mr. Viktor Zubkov  
Russian Premier**

## LIC more in to the Social sector in Orissa

The Life Insurance Corporation (LIC) of India, the biggest player in insurance sector of the country has identified Orissa as one of its major destinations for investments in the state.

By the end of March 2007, LIC has already invested about Rs 4,010.86 crore in the State for its social sector developments including in power, drinking water and housing sectors and a major chunk of these investments have come in during the past four to five years.

"A few years ago, the development proposals from the Orissa were not encouraging and hence the LIC's share on assets and investments in nation building for the State was negligible. But now that the State holds a lot of promises, LIC has increased its investments in Orissa"-

**- Cuttack division of LIC**

NALCO, the largest producer and exporter of aluminium in the country to set up aluminium park at Angul to boost up the consumption of the metal within the state.

- Both national and international aluminium players would be invited to set up down stream industries in the proposed park to facilitate more metal sales inside the state
- The stat-run Industrial Infrastructure Development Corporation of Orissa (IDCO) has been approached to acquire about 1000 acre of land to be handed over to Nalco for the purpose

## Russia ready to develop SEZ in Orissa

Russia said it was ready to actively participate in the development of a Special Economic Zone (SEZ) being set up in Orissa as part of the efforts to boost bilateral economic ties with India. Russian Premier Mr. Viktor Zubkov said while welcoming Prime Minister Mr. Manmohan Singh at Moscow on 12<sup>th</sup> November 2007. He said, the Russian companies are ready to **"actively participate"** in the development of the **SEZ in Orissa** & his government has allowed the second-largest public sector bank Vneshtorgbank (VTB) to open its branch in India to facilitate bilateral trade and investments.

Bilateral trade between China and India stands at 25-billion dollars while trade between China and Russia is double that. Trade between India and Russia is at a mere four-billion dollars, much of it focused on military spending.

## Tips - Achieving 4 % agricultural growth in Orissa

A two-day workshop on **'Strategies for achieving 4 per cent agricultural growths in Orissa'** was organised by the Institute of Public Finance and Policy (IPFP), a Bhubaneswar based research organisation, recently. Views of experts and academicians are outlined as under;

- No agriculture land with two crops in a year should be given for industrial purposes
- All crops are to be covered under crop insurance scheme with gram panchayat as a unit
- At least 40 per cent irrigation coverage in each block is to be ensured through effective scientific water management
- Pani Panchayats are to be empowered in the field of water management
- Agri export zones or special agriculture zones" should be encouraged through private-public-community partnership (PPCP)
- Agricultural credit target must be framed keeping in view the deposit base of the lending institutions
- The Tenancy Act should also be amended for progressive and effective land reforms, mainly to provide security of tenancy to farmers
- Government to innovate & provide market links to existing agriculture production

## National Biotechnology Policy- Industry views

During a panel discussion on 'National Biotech Policy-The Way Forward' at the BioSpectrum awards ceremony held recently, industry experts lauded the government's initiative & called for a single window regulatory authority, viewed that the system should truly be a single window system without companies having to interface with other layers of authorities& responded with views;

- It was imperative that this policy was implemented in a time bound manner if the industry had to reap the benefits of the policy
- "People should put their money where their mouth is" – **K. K. Narayanan, President Able**

### During BioSpectrum meet

The government had made its intentions clear and placed its cards in front of the industry and was serious on working closely with it.

More investments are needed in advanced technology, and the Indian firms should work towards retaining Intellectual Property Right and not merely be "techno bystanders".

**S Natesh, Department of Biotechnology, Government of India**

### India is the world's fifth biggest commercial vehicles market.

The market has been growing at 20 per cent in the past three years. The growth projections for the Indian commercial vehicles market are healthy, mainly due to improving infrastructure and new emission and safety rules.

The partnership does not affect the German OEM's existing commercial vehicle manufacturing activities in the local market

### Tata Power is the largest private sector power company in the country

The company's major projects within the country include the 4,000 mw plant at Mundra, 1,050 mw at Maithon, 2,400 mw in Shahpur, Maharashtra and expansion of its Trombay capacity by 250 mw.

- The policy should trigger an atmosphere for innovation and nurturing innovation. Encouraging entrepreneurs and business focus in biotechnology by bringing investments into the sector and developing spin offs was some of the key elements that were required to grow the industry. The Policy had underlined the importance of the private sector in nation building by taking the initiative of committing to spend 30 per cent of Department of Bio technology's (DBT's) annual funds on private public projects- **Kiran Mazumdar Shaw, Chief Managing Director Biocon**
- Efforts have to be taken to ensure that the funds sanctioned to small entrepreneurs were not bundled along with hurdles- **Cyrus Poonawalla, Chairman, Serum Institute**
- The greatest challenge before the biotechnology industry lay not only in wealth creation but also in ensuring that the drugs were affordable. Key challenge before the industry lay in developing human resources to meet the challenges of growth in this sector. The human resource generated should be one that was employable- - **Samir Brahmachari, Director General of CSIR**

### Hero and Sumitomo form disc brake joint venture

Indian company Hero Motors and Japanese company Sumitomo Corporation have signed a deal to set up a joint venture to make disc brakes for four wheelers. Hero will hold 66% of the new company, to be called Munjal Kiri Industries

### Munjals of Hero Honda & Daimler Trucks to tie up for CVs

German auto maker **Daimler Trucks** has announced the formation of a joint venture with The Hero Group to make a range of commercial vehicles in India to move beyond luxury cars in India. It now sells the **Mercedes Benz** brand of cars and the **Actros** range of high-end trucks.

Daimler will bring its expertise in manufacturing and its huge technological assets to the joint venture. Hero, on the other hand, will bring in knowledge of the local market and marketing and distribution expertise.

**Nissan** Motor has already formed ventures with **Ashok Leyland** for light trucks, engines and transmissions. **MAN AG** and **Navistar International** Corp formed joint ventures in India.

### Tata Power into the shipping business

With coal becoming scarce in the country, power utilities will have to rely more on imported coal from countries like Indonesia, China and other south Asian countries. TATA recently acquired 30 per cent stake in Indonesian coal firm, **Bumi**, and is eyeing more entities overseas. Singapore-government owned **Tuas Power** is reportedly on its radar. According to sources, the company will **quadruple its generation capacity from 2,400 mw** in five years. The targeted capacity will not be achieved without having a coal commitment from foreign countries. The entry into shipping business is actually a logical step forward. Entry in to Shipping will help to reduce the cost of transporting coal from abroad.

### Dr. Ashok Dalwai, IAS, Chairman, IPICOL, motivates Team Orissa secretariat members in his New Year address

"Let us have faith & believe in our self, and convert our dreams in to action. If we do our duty with sincerity, God will extend helping hand. Let the year 2008 be the year of ours." - **Dr. A. Dalwai**



# Snap shots on major events in December- 2007

Food for thought---We share the concern



Honorable Supreme Court Judge, His Lordship Dr. Arijit Pasayat, inaugurating National Seminar on Environmental Law, in presence of His Lordship, Chief Justice of Orissa & Chairman Pollution Control Board, Orissa, organised by OSPCB in Bhubaneswar.

The world wide concern about global warming and its impact on the fate of the planet has risen to unprecedented levels in the last few years.

This explosion of information on Global Warming and Climate Change has made all of us much more aware of what is happening. But, the sheer magnitude of it can also be overwhelming.

We often ask ourselves, in spite of all the media focus, **are we really certain about what we need to know and is there anything we as average citizens can do about it?**



Inaugural Session



Technical Session- National Seminar

## Team Orissa Participated in ALUCAST 2007 Conference & Exhibition Jaipur, Rajasthan



Team Orissa under the leadership of Dr.Ashok Dalwai, Secretary, Industries, GoO, & Mr. L. N. Gupta, Resident Commissioner, Orissa in Delhi, took part in the prestigious 13th Annual event of Aluminium Caster's Association of India, at The Birla Institute of Scientific Research, Jaipur. Dr.Dalwai was one of the guests of honour, in the inaugural session & addressed in the conference.

There was also a special afternoon session on "Investment Opportunity in Aluminium down stream in Orissa" chaired by Dr.Dalwai & Mr. Gupta. Other speakers in Orissa Session were MD, IPICOL (Mr. A. K. Meena), Director of Industries (Mr. Hemant Sharma), Addl. Secretary, Industries, GoO, (Mr. D.P. Mohapatra) , NALCO and TATA representatives. Team Orissa sponsored the opening day Lunch of the seminar.



Team Orissa also participated in the exhibition, having its own stall, managed by officials of IPICOL, OIEPO, Delhi, Directorate of Industries, Cuttack, and NALCO. There was much inquisitiveness of visitors to the stall, to many, information on progress & opportunity in aluminium sector in Orissa was a first time brow raising learning experience!

Dr. Dalwai, Secretary, Industries, GoO, during the Inaugural session in ALUCAST 2007

Non-ferrous metals like Aluminium and Copper have tremendous prospects in Asia region. Although China is leader in production and consumption of these metals, the other countries in SE Asia, Indian subcontinent, Gulf are also emerging in big way with thrust on infrastructure development. All this will require a lot of metal, ferrous as well as non-ferrous.

India's aluminium demand is likely to grow to 14% this year. This is due to the booming trends in construction, automotive and consumer durables sectors. These sectors consume around 40% of the total aluminium.

India's production aggregated 1.11 MT in 2006, accounting 3.3 % of global production. Working group on Power for 11<sup>th</sup> Plan has estimated an aluminium requirement of 1.6 MT during 2008-12.

While annual per capita consumption of aluminium in India has increased from 0.6 kg in 1996 to 1 kg in 2006, China's consumption has increased from 0.81 kg in 1991 to 8.5 kg in 2006.



Various Presentations made during Orissa session in ALUCAST 2007 Conference at Jaipur



TEAM  
ORISSA  
STALL



**PARTICIPATION IN OTHER EVENTS: Enterprise Orissa 2007 & NROFC supported NRO MEET**



Team Orissa Stall won 2<sup>nd</sup> best stall award for simplicity & informative in Enterprise Orissa 2007 Mega event organised by CII, at Bhubaneswar Mr. R. K. Pati received the award.



**Congratulations IDCO & OCAC: For joint participants in the event**



Team Orissa reached out to NROs in network building in the 4<sup>th</sup> Prabashi Oriya Divas, (an annual meet of NROs, being organised by NROFC at Bhubaneswar)

