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Dear Member,

The Central statistical organization of the Ministry of Statistics and Programme Implementation released estimates of Index of Industrial Production(IIP) with base 1993-94 for the month of April,2007. The General Index stands at 255.9, which is 13.6% higher than the preceding year. The annual economic growth for the year 2006-07 stands at 11.5%. The annual growth rate of industrial production for the year 2006-07 in respect of mining, manufacture and electricity segments stand at 3.4%, 15.1% and 8.7% as compared to the previous year i.e. 2005-2006 which were at 5.3%, 12.5% and 8.2% respectively with the overall growth in the general index to 11.5%. Thus, the major sectors of economy in 2006-07 showed significant improvements over the previous year. The industry group wood and wood products; furniture and fixtures have shown the highest growth of 92.2%, followed by 55% in food products and 19.2% in machinery and equipment other than transport equipment. The consumer durables and consumer non-durables have recorded growth of 5.3% and 21.9% respectively, with over all growth in consumer goods being 17.7% on the other hand, the industry group 'other manufacturing industries' have shown a negative growth of 5.4%



The impact of growing healthy economy is visible. One in five Indians now has access to a phone. India has emerged as one of the most attractive investment destinations in the world. India has given the second highest annual return at 38.36% among Brazil, Russia, India and China (BRIC) in the last five years. Till June 28 this year, according to SBI cap, India received FII investment to the tune of US\$ 4.27 billion, which is the second highest in the Asian Markets. The main reasons which have enabled Indian market to attract investors are its strong fundamentals and good returns being earned by the companies.

On cautionary side, Indian growth story could derail, if the interest rate goes up further or remains at the same level. Interest rate has gone up 33% in a single year and credit growth has slowed down. The lay consumers are under pressure. The interest has more or less peaked and might come down. Favourable factors like controlled inflation, comfortable liquidity, high deposits growth and low credit off take are likely to ease out the interest rates. The first signal is going to be the RBI next credit policy in the next couple of months.

On the external front, I led a cultural and a business delegation to the United States of America in the first week of this month. The delegation among others has Dr. J. Geeta Reddy, Hon'ble Minister for Major Industries, Sugar, Commerce and Export Promotion, Government of Andhra Pradesh. On July 5th the delegation attended the conference of Telugu Association of North America(TANA), one of the largest Indian Ethnic organizations in North America held at Washington D.C. Mr. William Jafferson Bill Clinton, Former President of the United States of America was the



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detailed presentation at the Conference showcasing the opportunities and potentialities for investment in Andhra Pradesh with the request to the NRI Telugu community to respond positively. A Memorandum of Understanding was signed with India Business Round Table, Inc, Prince George's County in Maryland with Government of Andhra Pradesh in the presence of Dr.J. Geeta Reddy, Hon'ble Minister for Major Industries, Sugar, Commerce & Export Promotion, Govt. of Andhra Pradesh. Professor Georges St.Laurent, Vice-President, Maryland-India Business Round table, Inc visiting Hyderabad on July 27,2007 to explore possible establishment of Genoma Ayurveda Research and Development village alternative systems of medicine in Andhra Pradesh. A copy of the letter received from its Executive Director is in this issue. On 9th July,2007, I attended the Pittsburgh Round Table Conference and gave a Presentation on "Opportunities in Andhra Pradesh for Investments". On 11th July,2007 I was invited as guest of honour by Economic Development Corporation, Maryland at its Executive Committee Meeting. My trip to United States was useful and fruitful.

I thank you for your cooperation.

Sincerely,

Atluri Subba Rao



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