



Newsletter, 5-XI-2008

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[1. Cabinet clears bill for free education to kids between 6-14](#)

The Bill has been considered at several levels by the Group of Ministers (GoM). The Cabinet has approved the text of the Bill," Finance Minister P Chidambaram told reporters here today about the decision of the Cabinet which met last night. Observing that it was an important promise to the children as education would become a fundamental right, he said that it would be legally enforceable duty of the Centre and the states to provide free and compulsory education.

[2. CIL eyes Navratna gains](#)

The granting of Navratna status to Coal India Limited (CIL) has paved ways for the automatic clearance of 17 mining projects worth over Rs 20,000 crore and a capacity addition of over 50 million tonnes of coal.

[3. Haryana set to add 5,000 MW at Rs 25k-crore investment](#)

The state of Haryana is planning to add 5000 Mega Watt (MW) of power by 2012 to the current capacity of 4,600 MW through conventional power. The additional capacity will require around Rs 25,000 crore investment, according to a senior representative from the state government. The state is also planning to increase the renewable energy contribution to 10 per cent in the state, for which the agency had signed six memorandum of understandings for setting up various renewable energy projects with a total capacity of 714.8 MW. This would bring investments to the tune of around Rs 240 crore before December 2009.

[4. World Bank sanctions US\\$ 400 million loan for Power Grid Corporation](#)

The World Bank has sanctioned a US\$ 400 million loan to India's Power Grid Corporation, the third largest transmission plant in the world, for power exchange between the country's regions and states. The loan, procured from International Bank for Reconstruction and Development (IBRD, has the Indian Republic as guarantor, according to the bank.

[5. GM expects Indian operations to grow 20%](#)

In spite of a recession in the auto sector, General Motors expects its Indian operations to grow 20 per cent during this year beating industry growth rate of about 7 per cent. General Motors India Vice-President, Mr P. Balendran, told newsmen that most of the growth of General Motors has been through the operations in China and India.

[6. India's financial management comes in for praise from WTO chief](#)

World Trade Organisation (WTO) chief, Pascal Lamy, wants India to continue playing a major role in steadying the current global financial turmoil. Lamy's speech posted on the WTO website reveals. "As policy makers go about creating multilateral architecture in areas like international finance...no international agreement on finance or climate change is possible today without China, India, Brazil and Indonesia on board...."

[7. RBI moves: Target shifts from inflation to growth](#)

The Reserve Bank of India (RBI) has decisively signalled that it has moved from targeting inflation to promoting growth rate, and further cuts in interest rates are expected, economists said today.

[8. Merck eyes top slot in vaccine market by 2013](#)

US-based Merck & Co plans to emerge as the largest pharma company in the Indian vaccines market by 2013. The company is evaluating options to roll out vaccines from its global pipeline to address the country's main disease burden. This includes vaccines for cancer, rotavirus (diarrhoea) and shingles.

9. Future Group partners Axiom Telecom for mobile retail

Future Axiom will operate in more than 500 stores and touch points in 58 cities under the brand name of Mobile Bazaar and Mport. We will be revealing the new brand and store formats shortly. There are major expansion plans on the anvil; we plan to be a 1,500-outlet organisation by the end of December 2009," Mr Sehgal added.

10. Growth in manufacturing will fuel realty, says report

The growth of the manufacturing sector in India through the development of SEZs, industrial corridors and townships is expected to create a significant impact in the real estate market.

11. Govt may ease rules for more FDI inflow

The Department of Industrial Policy and Promotion (DIPP) and the finance ministry are working together to do away with the cap on FDI in single-brand retail and allow up to 100% foreign investments. As of now, the policy permits foreign investments up to 51% in single-brand retail. This apart, consultations are on to examine the possibilities of allowing 51% FDI in the multi-brand retail - hitherto an untouchable area for the government.

12. Shipping cos stick to ramp-up plans

Undeterred by the global meltdown, Indian shipping companies are going full steam ahead with their expansion plans. Major domestic shipping companies, such as Shipping Corporation of India (SCI), Great Eastern (GE) and Essar, have already placed orders for 58 ships in Korea and China worth \$3.3 billion and are bullish on their future orders.

13. Wadhawan Retail to invest Rs 1,500 cr in expansion by 2013

Mumbai-based retail food and grocery player Wadhawan Food Retail (WFRL) plans to invest Rs 1,500 crore over the next four years to set up 1,300 stores across the country. The retail chain, which runs stores under four branded formats -- 'Spinach', 'Sabka Bazaar', 'The Home Store' and 'Smart Retail' -- currently has 200 stores.

14. Nalco to set up Rs 10k-cr smelter plant in Indonesia

Nalco is planning to set up a Rs 10,000-crore smelter project at Indonesia. A consultant appointed to analyse the pros and cons of the project has given a green signal. Nalco will soon come out with a detailed project report (DPR), including financial structuring, equity partnership, business model, among others, said CR Pradhan, chairman and managing director.

15. Exports boost India's car sales

During the first six months of this fiscal, exports have risen by 55.93 per cent with domestic sales growing at a mere 5.39 per cent.

16. India, Japan agree on economic partnership

India and Japan have agreed to advance their strategic economic partnership, with Tokyo agreeing to provide a \$4.5 billion (Rs22,185 crore) soft loan to fund the first leg of the Delhi-Mumbai railway freight corridor, which will connect India's northern states with ports in the country's west.

17. Elder to buy 3 Bulgarian cos

Elder Pharmaceuticals is buying out three small Bulgarian pharma companies through its wholly-owned subsidiary Elder-Biomedica in a share swap deal. The three companies have collective sales of around € 8-10 million.

18. ICICI Bank to focus on agri sector

The ICICI Bank, the second largest bank in the country, will focus on the rural market and the agriculture sector for its future growth. Since agriculture contributes about 18 percent to the Gross Domestic Product (GDP) of the country and employs about 65 percent of the workforce, it provides enough opportunity for growth.



19. Ashok Piramal group unit acquires Czech firm

PMP Components, the auto-component company of the Ashok Piramal Group, has announced the acquisition of Czech Republic-based PAL International for an undisclosed amount. PAL International, which is the third largest wiping systems manufacturing company in Europe was earlier owned by the Canadian auto group, Magna International. PAL serves to clientele including Volkswagen, Skoda, Fiat, Peugeot-Citroen and Volvo. The annual turnover of PAL is Rs 125 crore. This acquisition will give PMP a direct 7 per cent share of the European market.

20. Luminous Teleinfra to set up two units in Himachal

Manesar-based Luminous Teleinfra Ltd, a SAR group company, is setting up two manufacturing units in Himachal Pradesh with an investment of Rs 200 crore to manufacture deep-cycle telecom batteries, power management units, power conversion devices and innovative solutions for reduction in operating expenditures and carbon emissions for telecom operators.

21. Jet, Kingfisher may reduce number of flights

Private air carriers Kingfisher Airlines and Jet Airways, which have entered into an operational alliance recently, may reduce flights as they tighten belts to overcome financial crunch.

22. Karuturi launches farm operations in Ethiopia

Karuturi Global Ltd, the world's largest growers of roses with presence in India, Kenya, Ethiopia, Dubai and Holland on Wednesday announced the launch of its agricultural operations in Ethiopia where it had acquired 3.4 lakh hectares land on long term lease.

23. 3 PSUs to form joint venture for export of nuclear reactors

Three public sector companies have decided to set up a joint venture for the export of nuclear power reactors.

24. Cement cos see strong growth in south, west

A clear pattern is evident in the results declared by the cement majors. Cement companies with a strong focus on the southern and western markets are on a strong footing, and therefore, qualify as good investment bets, say analysts.

25. Pharma holds steady, Cipla pips Ranbaxy

Amidst all the gloom confronting the economy, the pharma sector posted a robust growth of over 14% in September, with Cipla emerging as leader in the domestic retail market with a market share of 5.31% in September, overtaking Ranbaxy.

26. Norway's Telenor buys Unitech's telecom firm

Norway-based Telenor, the world's seventh largest telecom operator with a subscriber base of about 159 million, has bought new-generation telecom company Unitech Wireless by paying Rs 6,120 crore for a 60 per cent stake.

27. Cinepolis plans \$350-m India show, scouts for local partners

Leading global multiplex player Cinepolis is entering India. The Mexico-based firm, considered to be the fifth-largest cinema operator globally, has initiated talks with real estate developers in the country for its multiplex operations. Once it starts operations, it would become the only international multiplex player in the domestic market.

28. Ispat Energy plans to produce bio-CNG

Ispat Energy Ltd, a subsidiary of Ispat Industries Ltd, has plans to invest about Rs 1,000 crore in the current fiscal for producing bio-CNG from pressmud, a byproduct of sugarcane processing. Biogas is extracted from pressmud, and it is further chemically treated to produce bio-CNG. The gas produced can be used as a fuel for transportation and industrial applications.

29. Aegis BPO to hire 1,000 every month

Aegis BPO Services, an Essar group company, will add about 1,000 people per month taking the total headcount to 35,000 by this fiscal-end, even as the outsourcing industry is going slow on its recruitment plans.

30. TCS, Infy: No job cuts, hiring stable

Two of India's top information technology (IT) majors Tata Consultancy Services and Infosys Technologies Ltd have assured the Karnataka government that they will not retrench any of their employees in the wake of the global financial crisis, a top state government official said.

31. US firm to take stake in Solar Semiconductor

Hyderabad-based Solar Semiconductor, which manufactures photo voltaic (PV) modules and solar cells, has entered into a reverse merger agreement with US-based Trans-India Acquisition Corporation (TIAC).

32. OSL projects may be commissioned by 2011

Oceanic Shipyard Limited (OSL), a 50:50 joint venture company formed by the Kolkata-based Apeejay Shipping Limited and Mumbai-based Bharti Shipyard Limited expects to commission its ship building yard and oil rig manufacturing unit in Orissa by early 2011.

33. Centre to streamline FDI policy as foreign investments touch \$17.2 bn

The country has managed to receive foreign direct investment (FDI) worth \$17.2 billion in the first six months of this financial year, a whopping 137% increase over the same period last year.

34. India likely to emerge ahead of other Asian countries from downturn

India is likely to become the first country in Asia to emerge from the impact of the global meltdown, according to a senior economist at CLSA Asia-Pacific Markets equity and research firm. This may be possible owing to benefits accruing from the upsurge in domestic consumption and lowered commodity prices. "We do expect the Indian business cycle to be the first to bottom in Asia.

35. Despite global crisis Punjab gets FDI in pharma

Merical, a joint venture between Merck and Company Inc (USA) and Sanofi-Aventis (France), has preferred Punjab over states like Himachal Pradesh, Gujarat, Andhra Pradesh and Karnataka for setting up a Rs 500-crore vaccine manufacturing plant.

36. India Inc hails govt steps to ease crisis

Lauding the government's efforts to infuse liquidity in the system and the subsequent meet of the Prime Minister with industry leaders, the Confederation of Indian Industry president, KV Kamath, on Monday said that we have got an assurance that the government and the industry is on one side and the government will work with the industry to see that any challenge faced by the industry would be alleviated.

37. Meltdown not to hit Posco Orissa project

The global financial meltdown will not affect in any manner the Rs 51,000-crore Posco steel project in Orissa. After meeting Chief Secretary Ajit Tripathy here, Posco-India director GW Sung said on Monday, "The international financial crisis will not hit Posco's project in Orissa".

38. Volkswagen to secure Indian auto components worth US\$ 1.26 billion

German automobile major, Volkswagen AG, has worked out plans to secure auto components from Indian supplier firms, worth almost US\$ 1.26 billion within the next two years for its global operations. The company is also aiming at part-indigenous production of cars at its Pune unit in India within two years of starting operations.



39. NTPC to foray into cement making

With its present installed capacity of 28644 mega watt of (thermal power plants) NTPC is likely to produce 52 million tons of ash annually and the annual generation of fly-ash is likely to be in the region of about 42 million tons, an official pointed out. "There is room for more cement manufacturers and with available raw material we feel foraying into the cement sector will help us add profit through a new venture," the official said.

40. WiMax players make beeline for India to set up software centres

After making itself an attractive destination for both mobile networks manufacturing and related R&D, the country looks set to offer similar opportunities for WiMax. All leading players in the WiMax sector such as Alcatel-Lucent, Alvarion, Telsima, Beceem, Wavesat and Motorola told ET that they are increasingly looking at India as one of the bases for WiMax software development and also to house their manufacturing facilities in the near future.

41. Foreign air cargo players upbeat about industry, to add capacity

Indian air cargo industry does not seem to suffer from the kind of tumultuous upheaval that air passenger industry is subjected to now-a-days. In fact, air cargo movement in the country is going to gather further momentum with international airlines planning to increase their capacities into Indian market.

42. Global reputation will help Indian firms grow: Gates

Microsoft chairman Bill Gates on Wednesday said that Indian IT companies will be affected by the global economic slowdown but will continue to grow their business as they have built a global reputation. "IT companies in India are great partners of Microsoft. They are investing in the long term and they have a pretty incredible reputation. They are always considered whenever a global project comes up," he said, speaking at a seminar at IIT Delhi.

43. Toyota Kirloskar investing Rs 1,553 cr (\$420 million) in second plant

Toyota Kirloskar Motor Private Ltd (TKM) will invest an additional Rs 1,553 crore into its second plant which is being set up for building compact cars for the Indian market. A statement from the carmaker said that the total investment into the second plant has now gone up to Rs 3,200 crore. "The fresh investment will be for the both general-purpose and specialized equipment necessary for manufacturing a new compact vehicle," the statement said.

44. Ford's expansion plans for India on track

Despite the tightening credit situation in the automotive industry, Ford India said on Wednesday that its expansions plans, including the \$500-million outlay for its Indian operations, are firmly on track. "The credit crunch has impacted buyer confidence for the short-term period but has not affected our long-term plans," Mr Michael Boneham, Ford India President and Managing Director, told reporters here.

Newsletter, 5-XI-2008

1. Cabinet clears bill for free education to kids between 6-14

31 Oct 2008, PTI

NEW DELHI: In a major boost to education sector, the Union Cabinet has cleared the long-pending Right to Education Bill, which promises free and compulsory education for children between 6 and 14.

"The Bill has been considered at several levels by the Group of Ministers (GoM). The Cabinet has approved the text of the Bill," Finance Minister P Chidambaram told reporters here today about the decision of the Cabinet which met last night.

Observing that it was an important promise to the children as education would become a fundamental right, he said that it would be legally enforceable duty of the Centre and the states to provide free and compulsory education.

Chidambaram said that the HRD Ministry would release the text of the Bill after consulting the Election Commission in view of the assembly polls in some states.

The GoM, entrusted with the task of scrutinising the Bill, had cleared the draft legislation early this month without diluting the content including some of the contentious provisions like 25 per cent reservation in private schools for disadvantaged children from the neighbourhood at the entry level.

Other key provisions in the Bill are no donation or capitation or interviewing the child or parents as part of a screening procedure.

The Right to Education Bill is the enabling legislation to notify the 86th Constitutional amendment, which gives every child between the age of 6 and 14 years the right to free and compulsory education. It was passed by Parliament in December 2002.

2. CIL eyes Navratna gains

Business Standard, Oct. 29, 2008

Bhubaneswar: The granting of Navratna status to Coal India Limited (CIL) has paved ways for the automatic clearance of 17 mining projects worth over Rs 20,000 crore and a capacity addition of over 50 million tonnes of coal.

Alongside, it has also opened gates for CIL's move to develop 26 closed and abandoned mines in the underground (UG) category through joint ventures (JVs). The number one steel maker in the world Arcelor-Mittal has already posted a proposal for a JV with CIL for developing the UG mines.

Now, the CIL board can alone take the decision of going ahead on a JV with Arcelor-Mittal for developing the closed mines in the ECL, CCL and BCCL fields each carrying minimum reserves of around 10 million tonnes. CIL's present UG production is 45 million tonnes and wants to raise it to 75 million tonnes by 2011.

CIL is banking on the development of the mines for augmenting coal production to a maximum in the UG category. Of CIL's 318 running UG mines, 80 per cent are loss making with a net loss of around Rs 3084 crore. A few days ago, CIL decided on closing 60 such unremunerative and loss-making mines with losses of over Rs 1000 crore.

"We are relieved and gratified. Coal India will now have greater financial and administrative autonomy. There will also be increased empowerment on overseas joint ventures and acquisition of properties



abroad to meet future coal requirements", an elated Coal India chairman Partha S Bhattacharya said on Friday.

Most of the 17 mining projects were hanging fire for sometime as there were hesitant talks on the arranging of funds. CIL was authorised to invest upto Rs 500 crore in any project. The Navratna status has raised the ceiling to a minimum of Rs 1000 crore, the decision to which can solely be taken by the Coal India board.

The Navratna status comes at a time when the country's coal sector, especially Coal India is faced with an acute shortage of around 200 million tonnes of coal by the end of 11th Plan and was therefore planning to import. Coal ministry officials have already gone public pointing out import of around 100 million tonnes.

While the country's requirement by the end of 11th Plan is projected at around 720 million tonnes, CIL has worked out production figures of around 538 million tonnes. The capacity addition planned by CIL after getting the Navratna status is expected to ease the pressure.

Says Bhattacharya, "now we will be in a comfortable position in managing domestic requirements through perking indogenous production and getting coal from abroad." CIL has already requested the country's 73 power stations to import coal in meeting future requirements. Currently 56 power stations are starved off coal and has fallen 'critical'.

CIL's proposed overseas ventures include identifying mine properties for acquisition in Indonesia, South Africa, Australia, Canada and Mozambique. Coal Videsh, the overseas arm of CIL has already done the job of fixing 6 properties in Indonesia and Mozambique. Five merchant bankers have also been engaged in working out modalities for the take overs.

Said Bhattacharya, "the status will give us more empowerment in arriving at decisions on overseas take overs. We will be able to fix responsibilities on a bigger scale though accountability will continue to remain with the ministry".

CIL along with four other PSUs - NTPC, SAIL, RINL and NMDC has formed a SPV International Coal Ventures Limited (ICVL) and initiated steps through 10 investment bankers in identifying and taking over coal mines and properties in the US, Canada and Indonesia.

3. Haryana set to add 5,000 MW at Rs 25k-crore investment

Business Standard, Oct. 29, 2008

Chennai: The state of Haryana is planning to add 5000 Mega Watt (MW) of power by 2012 to the current capacity of 4,600 MW through conventional power. The additional capacity will require around Rs 25,000 crore investment, according to a senior representative from the state government.

The state is also planning to increase the renewable energy contribution to 10 per cent in the state, for which the agency had signed six memorandum of understandings for setting up various renewable energy projects with a total capacity of 714.8 MW. This would bring investments to the tune of around Rs 240 crore before December 2009.

Speaking to Business Standard Sumita Misra, director, Haryana Renewable Energy Development Agency (HAREDA) and Department of Renewable Energy, Haryana who was in Chennai to attend International Congress on Renewable Energy (ICORE) 2008 said that current total installed capacity available in the state is 4,600 MW through conventional power.

Current power deficit during the peak load hours is 15-17 per cent. To address the problem it has been decided to add 5,000 MW capacity this would require around Rs 5 crore investment per MW, which is around Rs 25,000 crore.

To increase the renewable energy contribution to 10 per cent the state had signed six MoU recently with companies like New Delhi-based RS India Wind Energy (for setting up 3 MW solar PV project), Kolkata-based Astonfield Renewable Resources (3 MW), New Delhi-based Epuron Renewable Energy (2 MW), Azure Power India (2 MW), Omax Auto and Selecto Systems 1 MW each.

Total investment would be Rs 240 crore for setting up 12 MW capacity plants. Projects are expected to be completed by end of 2009.

Misra added currently 37 projects worth Rs 3,537 crore are under execution. Projects include 24 Biomass plant with a capacity of 258 MW and investment would be around Rs 1,060 crore, 4 wind projects with a capacity of 440 MW and with an investment of Rs 2,205 crore and 3 small hydro projects with a capacity of 4.8 MW. All these projects are expected to be completed over the next two years.

To create awareness about the solar energy and to assist rural school children the state has launched a pilot project which would provide electricity to the government run schools in rural villages.

The pilot project was launched in a school at Rohtak district where 21 SPV power packs of 2.7 KW capacity has been set up with an investment of around Rs 1 crore. The pilot project was successful and now the department is planning to replicate it in other parts of the state.

Similarly the department launched Shikshadeep Yojana scheme to help girl students of rural Haryana. Each student will get LED based solar lamps having 1.5 Watt LEDs which can be used for 4 hours.

Around 19000 girl students will be benefited every year and an amount of Rs 3 crore will be spent annually, said Misra.

4. World Bank sanctions US\$ 400 million loan for Power Grid Corporation

IBEF, Out. 22, 2008

New Delhi: The World Bank has sanctioned a US\$ 400 million loan to India's Power Grid Corporation, the third largest transmission plant in the world, for power exchange between the country's regions and states. The loan, procured from International Bank for Reconstruction and Development (IBRD), has the Indian Republic as guarantor, according to the bank.

This finance comes in addition to the already approved finance by the World Bank in March this year, for the Fourth Power System Development Project (PSDP IV), for completion of selected projects through expansion of these transmission capacities.

"The power sector has improved significantly in recent years, but demand for electricity continues to outstrip supply," said Julia Fraser, World Bank senior financial analyst. "This project will help the government achieve its goal of expanding power generation capacity to more than 200 gigawatts (200,000 megawatts) by 2012 through enhancing the country's power transmission capacity and enabling power to be transmitted across regions and states. It will also help reduce transmission losses and, subsequently, cut the cost of energy."

According to the bank, it has been contributing effectively in the transmission sector in India, and majorly to the development and strengthening of the Power Grid Corporation of India. This loan, the fifth since 1993, will help strengthen the company's assets which have grown 10-fold to US\$ 8.9 billion and revenues eight-fold to US\$ 1.3 billion. During the same period, the company's transmission networks have in fact, grown thrice over.



5. GM expects Indian operations to grow 20%

The Hindu Business Line, Oct. 31, 2008

Bangalore: In spite of a recession in the auto sector, General Motors expects its Indian operations to grow 20 per cent during this year beating industry growth rate of about 7 per cent.

General Motors India Vice-President, Mr P. Balendran, told newsmen that most of the growth of General Motors has been through the operations in China and India. He said General Motors was confident of reaching 10 per cent market share in India by 2010. At present, the market share of the car maker is around 4 per cent.

The company expects to increase its sales by 20 per cent to about 80,000 units during the current calendar year. "We may fall short of the target by 10,000 units this year because of the overall recession as well as high interest rates. But we would still grow by 20 per cent compared with the last year," he said.

Mr Balendran said the company will initiate talks with public sector banks for financing auto loans. "We have tie ups only with private sector banks but we want to rope in PSU banks as well," he said.

He added that at present PSU banks take at least a month to clear auto loan applications, and hence, the car maker wanted to make it easier for its customers by tying up with the PSU banks. It is also expanding its dealership network by 42 service outlets to 190 and sales points by 43 to 188 by the end 2008.

General Motors is also in talks with its vendors to reduce costs as it sources about \$300 million worth of components for its overseas plants. It plans to increase the sourcing to about \$1 billion in another two years.

The car maker has so far invested about \$1 billion into its Indian operations. It has already started production of its small car, Spark in its new Talegaon factory in Maharashtra, which has been set up with an investment of \$300 million.

Tech centre

Its GM Tech Centre in Bangalore employs around 1,200 people, and it has evolved into a core centre of engineering and design for four areas: product engineering, power train engineering, manufacturing engineering and design. It recently carried out the mid-cycle enhancement of its multi-purpose vehicle, Tavera.

The company has invested about \$61 million in its tech centre since its inception in 2003. "The engineering team of the tech centre has made a significant contribution in reducing vehicle development time and structural cost," said Ms Sheila Jain Sarver, Vice-President for Engineering, GM India.

Mr Prakash Bharati, Director for India Science Laboratory and Chief Scientist for R&D General Motors' India, said the focus of the lab is on math-based modelling and simulation of various processes, behaviour of materials, structures and systems.

6. India's financial management comes in for praise from WTO chief

IBEF, Oct. 30, 2008

New Delhi: World Trade Organisation (WTO) chief, Pascal Lamy, wants India to continue playing a major role in steadying the current global financial turmoil. Lamy's speech posted on the WTO website reveals. "As policy makers go about creating multilateral architecture in areas like international finance...no international agreement on finance or climate change is possible today without China, India, Brazil and Indonesia on board...."

While addressing the Stanford University on October 27, 2008, he has stated that the emerging economies of Brazil, India, Mexico, China, Egypt, Indonesia and South Africa have kept the growth pace steady owing to good amount of trade, while North America and Europe have been at the receiving end of the crisis.

Reiterating that these fast growing economies are of special interest to the US where exports are significant contributors to gross domestic product (GDP) growth, the WTO Director General said, "Should growth slow in the emerging economies, US exports- the most vibrant part of the economy today- will be adversely affected. In this ever more interconnected world, prosperity in India, China, Brazil is very much in Washington's interest."

Lamy was appreciative of the fact that India and China have been providing a liberalised economic environment for removing poverty. "Since opening their economies, the Asian giants China and India have lifted more than 400 million people from abject poverty - an economic success story without precedent," he added.

7. RBI moves: Target shifts from inflation to growth

Business Standard, Oct. 22, 2008

New Delhi: By cutting the rate at which it lends to commercial banks, the Reserve Bank of India (RBI) has decisively signalled that it has moved from targeting inflation to promoting growth rate, and further cuts in interest rates are expected, economists said today.

RBI cut the repo rate - the rate at which the central bank lends to banks in exchange for government securities for a period ranging from one to three days - by one percentage point after a gap of four years. This move was preceded by RBI reducing the cash reserve ratio (CRR) - the money that banks keep with central bank - by 250 basis points (one basis point is one-hundredth of a percentage point).

"It's a clear signal from RBI that it has moved from inflation to growth priority," said Subir Gokarn, an economist with Standard & Poor's.

Though the latest Wholesale Price Inflation (WPI) rate is 11.44 per cent, above the RBI's comfortable rate of 5 per cent, Prime Minister Manmohan Singh today told Parliament that, "The movement in the level of prices show a clear deceleration in the current momentum of inflation. We expect a further reduction in the wholesale price index in the next two months".

Gokarn said RBI would now be expected to reduce the repo rate till the central bank gets a response in terms of growth numbers.

Describing the magnitude and timing of the repo rate cut as ahead of market expectations, Tushar Poddar, vice president, Asia Economics Research, Goldman Sachs, said, "We were expecting 150 basis points easing by the first quarter of 2009. With this move, the repo cuts may be of a larger magnitude, and we will be reviewing our rate views."

According to Goldman Sachs, transactions in the repo window are now around \$7.8 billion as against a peak of over \$16 billion. As banks are depending less on repo for meeting their requirements, economists are also questioning whether the rate cut would be effective in reducing interest rate on lending by banks.

Rajeev Malik of Macquarie Economics Research said, "We also maintain a belief that the central bank will have to cut SLR by 2-3 percentage points, though this action will probably be unveiled in April 2009 when the policy for the next financial year will be announced."

SLR or statutory liquidity ratio is the amount banks invest in government securities, expressed as a percentage of the bank's demand liabilities.



As for what RBI will say in its forthcoming credit policy announcement, Gokarn said the central bank should explain why it cut the repo rate by a large magnitude, as people tend to become nervous when something dramatic is undertaken.

8. Merck eyes top slot in vaccine market by 2013

The Economic Times, Oct. 21, 2008

Kolkata: US-based Merck & Co plans to emerge as the largest pharma company in the Indian vaccines market by 2013.

The company is evaluating options to roll out vaccines from its global pipeline to address the country's main disease burden. This includes vaccines for cancer, rotavirus (diarrhoea) and shingles.

Merck is looking at tying up with the government to sell its vaccines under various national immunisation programmes. It is not only talking with the Centre but even the various state governments for such partnerships. The company, which has adopted an India-specific pricing strategy, is even keen to offer a differential pricing under the government scheme.

"We plan to launch the latest products from our global stable at a relatively faster pace. While the lead time for MNCs to launch their novel drugs in India is 17-20 years after the US or European launch, we will look at near concurrent launch in India," said Anjana Narain, director (vaccine), MSD Pharma, the wholly-owned Indian arm of Merck. Merck has two vaccines in the Indian market - Pneumovax 23 (anti-pneumonia) and the recently launched Gardasil (for cervical cancer).

The size of the Indian vaccine market is around Rs 1,000 crore, growing at 25-30%. Of this, the government segment constitutes around Rs 600 crore and the balance Rs 400 crore is the retail market. "We are actively looking at partnership with the government for our vaccines. This is part of our strategy to roll out products targeting the country's main disease burden," said Ms Narain.

9. Future Group partners Axiom Telecom for mobile retail

The Hindu Business Line, Oct. 21, 2008

Plans to operate in over 500 stores, set up service centres.

New Delhi: Future Group has joined hands with Axiom Telecom, a mobile retail company from West Asia, to form a joint venture company called Future Axiom Telecom Ltd.

Mr Ashy Sehgal, CEO, Future Axiom Telecom Ltd said, "Future Axiom is all set to venture into the Rs 50,000-crore mobile retail industry and set new benchmarks. We are confident that the affiliation of Indian retail expertise and West Asia's mobile retail skills will be extremely rewarding for our customers."

The Future Group began trading in communication products in 2006 through its counters in Big Bazaar. While Future Group (Pantaloon Retail) was on the lookout for a partner with expertise in the retailing of communication products, Axiom Telecom was keen to enter the Indian market.

"Future Axiom will operate in more than 500 stores and touch points in 58 cities under the brand name of Mobile Bazaar and Mport. We will be revealing the new brand and store formats shortly. There are major expansion plans on the anvil; we plan to be a 1,500-outlet organisation by the end of December 2009," Mr Sehgal added.

The 50:50 joint venture involves an initial investment of about \$40 million. It will retail, distribute mobile handsets and accessories and set up service centres in India. The joint venture currently operates through the retail and service factory and will add more channels in due course.

Mr Faisal Al Bannai, Founder, Axiom Telecom, said, "We recognised India as the land of opportunities and are delighted being partners with the well-known Future Group for operations in India."

10. Growth in manufacturing will fuel realty, says report

The Hindu Business Line, Oct. 21, 2008

Bangalore: The growth of the manufacturing sector in India through the development of SEZs, industrial corridors and townships is expected to create a significant impact in the real estate market.

The residential and retail sectors, which act as value-added sectors to the manufacturing industry, will also experience growth, says Jones Lang LaSalle Meghraj (JLLM) in its latest research, 'Indian Industrial Real Estate Landscape - An Emerging Investment Opportunity.'

Hot Sectors

The emerging and high-growth industrial sectors are automobile and auto components, telecommunications, semiconductor, drugs and pharmaceuticals, and biotech. The growth of the manufacturing and retail sectors and the improvement in transport infrastructure has attracted many domestic and international players to invest in the logistics sector.

The report identifies existing and emerging cities for these "sunshine industries".

Cities to watch

For the automobile and auto components sector, the cities are Delhi–NCR, Indore, Pune, Chennai, Nasik, Nagpur, Indore and Bhilwadi. For telecommunications it is Hyderabad and Chennai. NCR, Bangalore, Chennai, Hyderabad and Pune are the cities to watch out for the semiconductor sector.

Delhi–NCR, Chandigarh, Lucknow, Kolkata, Visakhapatnam, Hyderabad, Chennai, Bangalore, Pune, Mumbai, Chandigarh, Lucknow, Vadodara, Jaipur, Jammu, Assam and the North-Eastern States are the stars in the biotech industry. Lastly, Delhi, Mumbai, Kolkata, Chennai and Ahmedabad are the cities for logistics and warehousing.

11. Govt may ease rules for more FDI inflow

The Economic Times, Oct. 20, 2008

New Delhi: Extraordinary situations require extraordinary actions. This appears to be the latest mantra for policymakers and government functionaries. Hectic discussions are on in North Block and Udyog Bhawan to liberalise FDI norms and relax existing regulations in a bid to infuse more investments into the Indian economy.

The Department of Industrial Policy and Promotion (DIPP) and the finance ministry are working together to do away with the cap on FDI in single-brand retail and allow up to 100% foreign investments.

As of now, the policy permits foreign investments up to 51% in single-brand retail. This apart, consultations are on to examine the possibilities of allowing 51% FDI in the multi-brand retail - hitherto an untouchable area for the government.

The government's recent thinking on easing FDI restrictions comes on the back of the current liquidity crisis which has been compounded with a significant outflow of foreign investments by FII's. Despite the present difficulties, India is expected to sustain an economic growth of 7%-plus in coming years. The government feels that policy measures are needed to prop up India as an investment destination.



They are also working on increasing FDI in asset reconstruction companies (ARCs) beyond the existing 49%. And it is not only about FDI caps. The government is also keen to do away with some of the policy hurdles that deterred further investments by foreign companies. The government is willing to allow more ARCs to conduct business in India as it would create a buffer for the country's financial system.

One such policy irritant which has often led to delays relates to Press Note 1. The government is considering relaxation of PN1 rules which requires a foreign company to obtain a no-objection certificate (NOC) from its existing JV partner before setting up a new venture in the same line of business in India.

The government is also looking at allowing foreign companies to buy shares from the stock market. As of now, only FIIs are allowed to buy shares from the secondary market through stock exchange deals.

The move would step up capital flows, check the stock market slide and arrest depreciation of the rupee. Highly-placed sources said the PM has been personally monitoring the current economic scenario and is learnt to have several rounds of meetings with his cabinet colleagues.

12. Shipping cos stick to ramp-up plans

The Economic Times, Oct. 20, 2008

New Delhi: Undeterred by the global meltdown, Indian shipping companies are going full steam ahead with their expansion plans. Major domestic shipping companies, such as Shipping Corporation of India (SCI), Great Eastern (GE) and Essar, have already placed orders for 58 ships in Korea and China worth \$3.3 billion and are bullish on their future orders.

The major reason why these companies have not been impacted by the liquidity crunch is that most of them have tied up their fund requirements well ahead of time.

Public sector company SCI, which has already placed orders for 32 ships worth \$1.87 billion, will now be inviting bids for its \$3 billion order of 40 ships.

"Though the liquidity crunch has affected the borrowing rate, we'll be able to sustain the orders. We plan to 25% through internal accruals and rest 75% through external commercial borrowings (ECB)," said S Hajara, chairman & MD, SCI. The company, however, has spread out the period of the order over three years (2008-11).

With the average age of Indian fleets rising, shipping companies are not altering with their expansion plans, even as the borrowing cost has increased to unprecedented levels. GE, which has placed an order worth \$780-million for 14 ships, is also going ahead with the orders it has placed.

"The financing for the near-term deliveries are already tied up. For the latter deliveries, we are not yet in discussion with banks as the bulk of the payment is towards the end. As of now, none of our expansion plans have been altered," an official spokesperson for GE said in an email query.

The ships will be delivered over a period of three years (2009-12). Another shipping major Essar is also going ahead with orders of 12 ships worth \$630-million, which will be delivered in 2009-13 period.

However, sources in the shipping industry agree that finance is hard to come given the liquidity crunch. "Earlier, banks and financial institutions used to lend to the shipping companies at rates ranging between 100 and 200 points above LIBOR. Now, bankers are finding it more difficult to decide on rates as funds are hard to come by," a shipping major's CEO said.

While smaller shipping companies are shelving their expansion plans, major players are trying to hold on to their current orders. "We're playing safe amidst this financial crisis. We are still to finalise our expansion plans," said Varun Shipping, vice-president (finance), N K Shah, said.

According to Industry report, 40% of Indian fleets will need replacement in next 4-5 years to comply with International Maritime Organisation's (IMO) regulation.

13. Wadhawan Retail to invest Rs 1,500 cr in expansion by 2013

The Economic Times, Oct. 20, 2008

New Delhi: Mumbai-based retail food and grocery player Wadhawan Food Retail (WFRL) plans to invest Rs 1,500 crore over the next four years to set up 1,300 stores across the country.

The retail chain, which runs stores under four branded formats -- 'Spinach', 'Sabka Bazaar', 'The Home Store' and 'Smart Retail' -- currently has 200 stores.

"Our expansion plan would cater to all the brands and we are looking at having a total of 1,500 stores by 2012-13," Wadhawan Food Retail Managing Director Ashok Bhasin said.

He said the company is looking for a daily average footfall of 15 lakh in its stores once the expansion is over.

"We have currently an average footfall of around one lakh across all our stores. We are looking at increasing our footfall by 15 times over the existing figure when all our additional 1,300 planned stores are in place," Bhasin added.

WFRL began its food and grocery retail operations in 2005 with the 'Spinach' and 'Smart Retail' brands, and subsequently acquired the Sabka Bazaar and The Home Store brands.

It also runs a non-store format direct-to-home delivery business 'Sangam Direct' which the company acquired from Unilever India.

Asked about the funding of the investments, he said it would be through debt and internal accruals.

Bhasin said the company would continue to position its stores as neighbourhood stores.

14. Nalco to set up Rs 10k-cr smelter plant in Indonesia

The Financial Express, Oct. 20, 2008

New Delhi: National Aluminium Company Ltd (Nalco) is planning to set up a Rs 10,000-crore smelter project at Indonesia. A consultant appointed to analyse the pros and cons of the project has given a green signal. Nalco will soon come out with a detailed project report (DPR), including financial structuring, equity partnership, business model, among others, said CR Pradhan, chairman and managing director, Nalco.

Talking to FE on the sidelines of a three-day seminar on aluminium diecasting, organised by the Aluminium Association of India said, "We have received a favourable report from the consultant on this project and we will soon come out with a DPR in this regard. Based on this, we will move further."

"We will look for partners for this 5,00,000 tonne, 1,300 mw smelter project. It could either be a local partner someone from outside. Everything, including the exact project cost, financial tie-ups, JV partners etc, will be known only after our DPR is ready," he added. The company plans to export raw material from India to smelt it in Indonesia and then bring back the aluminium for finished products. For this, we will have to approach the Indonesian government for various approvals. The company has similar plans for Iran as well, he added.

According to Pradhan, the Rs 5,000-crore brownfield project at Orissa is nearing completion and the project will have additional capacities of bauxite, alumina, aluminium and power. The bauxite capacity will go up from 48 lakh tonne to 63 lakh tonne, alumina capacity will go up from 16.5 lakh tonne to 21



lakh tonne, aluminium capacity will go to 4.6 lakh tonne from 3.45 lakh tonne and the power capacity will be increased to 1,200 mw as against the present 960 mw, he said.

Pradhan also pointed out that the per capita consumption level of aluminium in India was expected to grow sharply in the years to come due to its increased usage across various applications. Many reputed auto majors are already sourcing die casting components from India. With most of them already setting up shops in India and expanding their operations in a big way, there is an immense potential for a quantum leap for the aluminium die-casting industry, he added.

The time is ripe to take stock of the present status of the industry and chart a roadmap for the future. In the days to come, considerable attention needs to be given on improving alloy design and processes, Pradhan concluded.

15. Exports boost India's car sales

IBEF, Oct. 2008

New Delhi: Car exports from India have been soaring, according to data released by the Society of Indian Automobile Manufacturers (SIAM). During the first six months of this fiscal, exports have risen by 55.93 per cent with domestic sales growing at a mere 5.39 per cent. During the period, the country's exports stood at 1,54,787 compared to 99,266 units in the corresponding period last year.

Among car manufacturers, Hyundai Motors India Ltd (HMIL) exported the highest number of cars. It exported 1,20,649 units in the first six months of this fiscal against 67,626 units in the corresponding period last year, according to SIAM. HMIL currently ships 'Santro', 'Getz Prime', 'i10' and 'Accent' to over 95 countries across the world, and has recently added the 'i20' to its export basket. The company has announced it will produce 5.3 lakh units this year, of which about 2.7 lakh units will be exported.

Among the other car manufacturers, India's largest car maker, Maruti Suzuki India (MSI), registered a healthy growth of 20.03 per cent with exports of 29,698 cars compared with 23,750 units in the April-September period last year. Mahindra Renault is exporting its sedan, 'Logan', starting this fiscal and has shipped 243 units till date.

16. India, Japan agree on economic partnership

livemint.com, Oct. 23, 2008

Prime Ministers Manmohan Singh and Taro Aso stressed that their growing economic and strategic relations had nothing to do with a third country, especially China

Tokyo: India and Japan have agreed to advance their strategic economic partnership, with Tokyo agreeing to provide a \$4.5 billion (Rs22,185 crore) soft loan to fund the first leg of the Delhi-Mumbai railway freight corridor, which will connect India's northern states with ports in the country's west.

Five Japanese companies will actively participate in setting up early-bird projects in power generation, enclave development and human resources development that will be set up on both sides of the corridor.

Prime Ministers Manmohan Singh and Taro Aso, at a press briefing on Wednesday, stressed that their growing economic and strategic relations had nothing to do with a third country, especially China.

"I sincerely believe that there is enormous scope for both countries to realize their development goals, there is no competition between India and China," Singh said. "There is scope for both countries to grow, and our arrangement with Japan is not at the expense of any third country."

Aso had similarly responded to another question on the possibility of the security cooperation between India and Japan being extended to "trilateral" cooperation with the US, and if this was being done at China's expense.

"We don't have any third country as the target," the Japanese prime minister said.

Both answers came after the two sides issued a joint declaration on security cooperation and instructed their governments to develop an action plan.

Singh leaves for China on Thursday to participate in the 6th Asia-Europe meeting, the first time that India will be represented at the summit at the head of government level.

But, soon after Singh went out of his way to thank Japan for not coming in the way of the Indo-US nuclear deal at the Nuclear Suppliers Group in Vienna last month, Aso said Japan hoped India would stick to its nuclear test moratorium.

Singh responded to Aso's comment with grace. "We do recognize the sensitivity of this issue in Japan, and therefore mentioned to the prime minister that India will move at a pace at which the Japanese government and people are comfortable with," he said.

Earlier in the day, the visiting prime minister was feted by the elite of the Japanese industry, the Keidanren business group, at a luncheon meeting, a signal, an Indian official said on the condition of anonymity, that "Japan realizes that it needs to build a strong partnership with India, and needs to look beyond Asean and China". Asean is short for the Association of Southeast Asian Nations.

17. Elder to buy 3 Bulgarian cos

The Economic Times, Oct. 23, 2008

New Delhi: Elder Pharmaceuticals is buying out three small Bulgarian pharma companies through its wholly-owned subsidiary Elder-Biomedica in a share swap deal. The three companies have collective sales of around e8-10 million.

All the three companies are sister concerns of Biomedica. In August, Elder entered into an agreement to buy 51% stake in Biomedica for e5 million. Now, the Indian company plans to increase that stake to 61%. The promoters of the three companies in return will hold the remaining 39% in Biomedica.

Elder Pharmaceuticals director International Alok Saxena said, "We have six FDA approved plants in India and we will use these companies to introduce our products in Europe and other markets. We plan to launch many products in Europe & the CIS through the Bulgarian entities in the next six months."

One of the three companies is among the top 10 distributors and manufacturers of oral dosage pharmaceutical formulations in Bulgaria. Elder has received the regulatory approval from Bulgarian government and is expected to close the deal in the next few weeks. This is the company's fourth international acquisition in the last one-and-a-half year.

It acquired a 21% stake in the UK-based Neutra Health, an AIM-listed company, and hiked stake to 49% in its joint venture in Nepal called Elder Universal Pharmaceuticals. The company is now looking at strategic acquisition of brands and companies in Africa and Asia.

Many Indian companies are looking at low cost European countries such as Romania, Bulgaria, Poland and the Czech Republic to spread their presence in the European market. In a bid to encourage domestic manufacturing, the local governments of countries like Romania has proposed a cap on prices of drugs imported into the country.



18. ICICI Bank to focus on agri sector

Business Standard, Oct. 23, 2008

Kolkata: The ICICI Bank, the second largest bank in the country, will focus on the rural market and the agriculture sector for its future growth. Since agriculture contributes about 18 percent to the Gross Domestic Product (GDP) of the country and employs about 65 percent of the workforce, it provides enough opportunity for growth.

Keeping the vast untapped potential in the rural areas and in the agriculture sector, the bank will focus on reaching out to people not having access to the banking system, Kumar Ashish, General Manager, Rural Micro Banking and Agricultural Group, ICICI Bank said here.

Talking to the media, Ashish said, phenomenal growth of output in the agriculture sector has taken place due to huge investment made for irrigation facilities. ICICI has tied up with warehouses for providing storage facilities to the farmers for getting higher price for their products.

He said, the exposure of the bank in the agriculture, priority sector lending and agri-business including processing was about Rs 30,000 crore in last fiscal. This is expected to grow at least by 20 to 25 percent during the current fiscal. Further, as part of its plan to leverage the technology for enabling the rural people to access the banking system, the bank plans to introduce 'mobile banking' in the rural areas.

19. Ashok Piramal group unit acquires Czech firm

Business Standard, Oct. 23, 2008

Mumbai: PMP Components, the auto-component company of the Ashok Piramal Group, has announced the acquisition of Czech Republic-based PAL International for an undisclosed amount.

PAL International, which is the third largest wiping systems manufacturing company in Europe was earlier owned by the Canadian auto group, Magna International.

PAL serves to clientele including Volkswagen, Skoda, Fiat, Peugeot-Citroen and Volvo. The annual turnover of PAL is Rs 125 crore. This acquisition will give PMP a direct 7 per cent share of the European market.

This is the second European acquisition by PMP after Bakony Wiper Systems, a Hungarian company acquired in June 2007. With the acquisition of PAL, PMP's turnover has grown to Rs 210 crore.

Harsh Piramal, executive vice-chairman, PMP said, "The Ashok Piramal Group is eyeing auto-components as a focus area. We intend to further invest in this sector and drive growth and consolidation in global markets.

The company sees a strong business synergy in this acquisition. We plan to quadruple from here and cross the Rs 800 crore mark by 2012 through organic and inorganic means."

20. Luminous Teleinfra to set up two units in Himachal

Business Standard, Oct. 23, 2008

New Delhi: Manesar-based Luminous Teleinfra Ltd, a SAR group company, is setting up two manufacturing units in Himachal Pradesh with an investment of Rs 200 crore to manufacture deep-cycle telecom batteries, power management units, power conversion devices and innovative solutions for reduction in operating expenditures and carbon emissions for telecom operators.

The company will also provide turnkey site preparation services for telecom cell sites all over the country, leveraging its competencies in supply chain and project management, and network design and implementation.

Speaking to Business Standard, Luminous Teleinfra Director & President Paresh Pradhan said: "We are setting up two manufacturing units in the Una district of Himachal Pradesh, one for the telecom batteries and the other for power electronics.

The telecom battery unit will have a manufacturing capacity of 1 billion ampere per hour (Ah), while the power electronics unit will have the capacity to produce 50,000 units per annum".

In the first phase, we will invest Rs 100 crore in the project and another Rs 100 crore in the second phase."

The firm has started work on the project and is expecting to complete it by the second quarter of 2009-10. It is being financed by the promoters' equity and term loans by banks.

Pradhan said: "We have developed unique technologies for enhancing energy efficiency in telecom Base Transceiver Station sites. These will enable the use of renewable energy sources like wind and solar power to substantially reduce operating expenditure and carbon footprint for telecom operators in India and developing countries all over the world."

IVCF, a subsidiary of IFCI Ltd, has taken a minority stake (less than 5 per cent) in the company. IVCF is investing Rs 16 crore. Pradhan said in the near future, the company would dilute its equity.

Rakesh Malhotra, managing director of Luminous Teleinfra Ltd and founder of SAR Group, said: "We view this investment by IVCF as a validation of the business model of Luminous Teleinfra Ltd and the company is looking forward to a great partnership with IVCF in the future."

"The market size in the telecom passive infrastructure space for our products and services over the next few years in India and the developing world will be well over \$6 billion. In addition to rapidly scaling up capacities, the company will also pursue acquisition opportunities overseas," Malhotra said.

21. Jet, Kingfisher may reduce number of flights

22 Oct 2008, PTI

NEW DELHI: Private air carriers Kingfisher Airlines and Jet Airways, which have entered into an operational alliance recently, may reduce flights as they tighten belts to overcome financial crunch.

"We are not going to unnecessarily deploy capacity which we cannot fill...if in non-peak hours Jet flight is not full and Kingfisher flight is not full, it makes sense for us to cooperate and fly one aircraft instead of two. (With this) the economics of airlines will improve substantially," Kingfisher Chairman and CEO Vijay Mallya told reporters here.

He also said the two private carriers would cooperate on international routes, even as Kingfisher's plans to start non-stop flights to San-Francisco has been put on hold.

"The world is big enough. We have enough routes to operate without clashing with anyone unnecessarily," he said.

Jet and Kingfisher had last week announced an alliance to co-operate in seven areas, including joint fuel management, common ground handling and cross-selling of flight inventories.

The two biggest private carriers have been facing financial burden, which even prompted them to retrench employees.



Emerging from a meeting of Federation of Indian Airlines with petroleum minister Murli Deora, civil aviation minister Praful Patel, Mallya said he has dropped plans to import aviation turbine fuel after government promised support to airlines.

"Its not required, when the oil companies have agreed to help us, support us, why should he change the whole system," he said.

Blaming imposition of sales tax on ATF for the poor financial health of the carriers, Mallya said, "We need reduction in tax...if the sales tax is brought down to four per cent across the board, all airlines would go to black ink from red ink".

22. Karuturi launches farm operations in Ethiopia

The Hindu Business Line, Oct. 24, 2008

Bangalore: Karuturi Global Ltd, the world's largest growers of roses with presence in India, Kenya, Ethiopia, Dubai and Holland on Wednesday announced the launch of its agricultural operations in Ethiopia where it had acquired 3.4 lakh hectares land on long term lease.

The company said it has started cultivation on 11,700 hectares of land in Bako, Ethiopia. This land will be used for the cultivation of maize, rice, vegetables and other commercial crops.

Mr Sai Ramakrishna Karuturi, Managing Director of Karuturi Global said the company hopes to start sowing operations on an additional 40,000 hectares by March.

He told Business Line that his company has already tied up for funds from banks to meet the investment cost, which is estimated at \$250 million spread over 60 months. Karuturi will also be sowing long gestation crops such as sugarcane and oil seeds for which it would take some time.

Processing Units

Karuturi is also planning to set up processing units to reap the benefit of additional realisation from the commercial crops. "Actual cost of land would only form small part of the investment as it has been taken on long term lease at \$14 a hectare an year," Mr Sai Ramakrishna said, adding that however farm equipment and the implanting social projects such as constructing schools and healthcare facility as part of the land concession would account for larger chunk of the expenditure.

He said import of farm equipment and developing infrastructure was on and the entire project is expected to be completed by 2014.

Agriculture segment of the company's business is expected to contribute nearly 25 per cent of the total revenues during financial year. Karuturi Global posted total revenue of Rs 400.5 crore during FY 2007-08, with a net profit of Rs 102.7 crore.

23. 3 PSUs to form joint venture for export of nuclear reactors

The Hindu Business Line, Oct. 24, 2008

A number of countries with small grids were open to India setting up nuclear power reactors that generate 220 MW of electricity

Chennai: Three public sector companies have decided to set up a joint venture for the export of nuclear power reactors.

The Minister of State for Commerce, Industry and Power, Mr Jairam Ramesh, told Business Line that a number of countries with small electricity grids were open to India setting up nuclear power reactors that generate 220 MW of electricity, the size that has been the norm in the indigenous programme.

India has 13 reactors of this class currently in operation, and is perhaps the only country to have an actively working technology, design and infrastructure for the manufacture of commercially proven reactors of this size.

With India now free to engage in nuclear energy commerce, the Nuclear Power Corporation is joining hands with BHEL and NTPC to set up a company by the end of this year that will pursue export opportunities for the expertise that India has developed in over three decades of nuclear isolation.

At the same time, Mr Ramesh said, the Nuclear Power Corporation, which has built all the indigenous reactors on its own, will form another joint venture with NTPC to take up the task of setting up nuclear plants within the country with the larger, 1,000-1,600 MW imported reactors.

The Government has already announced it would add up to 40,000 MW of nuclear capacity based on imported reactors, and talks are on with suppliers in France, Russia and the US.

24. Cement cos see strong growth in south, west

The Economic Times, Oct. 22, 2008

Mumbai: A clear pattern is evident in the results declared by the cement majors. Cement companies with a strong focus on the southern and western markets are on a strong footing, and therefore, qualify as good investment bets, say analysts.

India Cement, Madras Cements and ACC have been present in both the southern and western markets and witnessed strong price realisations in the September quarter. The demand situation has been strong in the southern region due to infrastructure projects sponsored by the government, while retail demand continues to remain robust in the western region.

In contrast, the y-o-y realisations declined in the northern and central markets in Q2 FY09 due to sluggish demand from the housing sector and cement supplies from the neighbouring countries. UltraTech Cement, which is focussed on southern (about 23% of the total despatches), western (52% of despatches) and eastern (25% of despatches) India, grew its y-o-y realisations in the September quarter in a bid to partially offset the rising costs of inputs such as imported coal. In contrast, JK Lakshmi which is largely focussed on the northern and central markets, saw a decline in its net cement realisations in Q2 FY09.

UltraTech Cement reported combined cement and clinker sales of 3.98 million tonnes in the September quarter, amounting to a y-o-y growth of 13%. In the domestic market alone, the company's cement sales stood at 3.23 million tonnes, a y-o-y rise of 3%, and net realisations were Rs 3468 a tonne, a rise of 7% on a yearly basis. The blended realisations (cement and clinker) also rose 3.9% y-o-y to Rs 3507 a tonne.

Nevertheless, the company has only been able to partially offset the high input costs through price realisations as its operating profit margins declined 660 basis points y-o-y to 22.4% in the September 2008 quarter.

Meanwhile, Ultratech has started production of clinker at Andhra Pradesh and cement from its grinding unit in Karnataka. The company's total capacity will increase to 23.1 million tonnes by the end of CY08.

"The south-based players such as India Cements and Madras Cements derive an overwhelming majority of sales in the southern markets, while ACC makes nearly 19% of its sales in the southern markets and 13-14% in the western markets", according to an analyst with a Mumbai-based brokerage firm.

JK Lakshmi Cement reported total sales of 9.74 lakh tonnes in the September 2008 quarter, a y-o-y rise of 12.1%. Its cement sales in the quarter rose to 8.72 lakh tonnes, a y-o-y increase of 7.8%, with



blended realisations (cement and clinker) declined by 2.2% y-o-y to Rs 3011 a tonne, according to analysts at domestic brokerage houses.

The operating profit margin declined by 1510 basis points y-o-y to 19.2% in the last quarter. According to the cement manufacturers association (CMA), the cement consumption in northern and central India witnessed a slowdown between April and August this year. The shares of JK Lakshmi ended at Rs 36.1 on Monday, trading merely 1.6 times estimated FY 09 earnings.

25. Pharma holds steady, Cipla pips Ranbaxy

27 Oct 2008, Rupali Mukherjee, TNN

NEW DELHI: Amidst all the gloom confronting the economy, the pharma sector posted a robust growth of over 14% in September, with Cipla emerging as leader in the domestic retail market with a market share of 5.31% in September, overtaking Ranbaxy.

Till July this year, Ranbaxy had been leading with a 5.10% share of the market. In September, Ranbaxy ranked second garnering a 5.11% share, while GlaxoSmithKline occupied the third slot with 4.47% market share. Piramal Healthcare and Zydus Cadila were ranked fourth and fifth in the domestic market with shares of 3.75% and 3.59% respectively.

The domestic pharma market posted a healthy growth of over 14% in September, with the market valued at Rs 33,605 crore, according to consulting company, ORG IMS. The market had grown by over 12% in August. Pharma companies are, however, not posting strong financial results in the second quarter due to other factors like input and over-head costs.

In September last year, the company rankings were pretty much the same with Cipla leading with a share of 5.09%, followed by Ranbaxy at 4.90% and GSK at 4.86%. Cipla has maintained the top slot in the market for the last two years.

On a moving annual total basis in September (12-month period ended September), major gainers (in value terms) include Cipla at 17.7%, Ranbaxy and Sun Pharma each at 17.6%, Lupin at 20.9% and Mankind at 35.4%. Overall, the pharma market grew by nearly 13% on a MAT basis in September.

During the month, the respiratory segment has shown a healthy growth of 14%, while anti-infectives have recorded over 18% growth and cardio-vascular drugs grew by 18%.

Unlike other sectors of the economy, the domestic pharma market has been able to sustain its growth over the past one year, with a CAGR of 15%. Chronic therapy has consistently increased its contribution to the domestic market with the share of acute segment considerably shrinking over the past few years.

Within the chronic segment, anti-diabetic drugs have shown the highest value growth, followed by cardiac therapy during first half of the year. Anti-infective drugs have also recorded a robust growth during the period. During the six-month period, gastro-intestinal therapy grossed the third highest value in the market, followed by the respiratory category.

26. Norway's Telenor buys Unitech's telecom firm

Business Standard, Oct. 30, 2008

New Delhi: Sees scope for growth despite crowded market.

Norway-based Telenor, the world's seventh largest telecom operator with a subscriber base of about 159 million, has bought new-generation telecom company Unitech Wireless by paying Rs 6,120 crore for a 60 per cent stake.

The deal puts the enterprise value of the company, which holds a licence for 22 circles and is yet to roll out its services, at Rs 11,620 crore.

The company is promoted by Delhi-based realty group Unitech, which was in the news last week after its share price was hammered down on rumours of payment defaults.

Telenor is estimated to have paid a premium of Rs 50 per share for fresh equity by the telecom company.

The telecom firm will invest Rs 15,000 crore in the next three years and roll out services in 22 circles, for which it has received a licence in phases. In the first phase, it will roll out services in 13 circles, for which it has received spectrum, or the radio frequencies that enable wireless communications, by the middle of next year.

Explaining his decision to give Telenor a majority stake, Sanjay Chandra, chairman of Unitech Wireless, said: "We were open to roping in a minority or majority partner stakeholder, but with Telenor we are in safe hands and we will also need a lot of capital."

Although Chandra said the company received a "fair price" for the value of the licence, the price at which the deal has been struck is lower than a similar deal struck by Etisalat last month. The UAE-promoted firm bought 45 per cent in another new licence holder, Swan Telecom, for Rs 4,050 crore for 13 circles that gives Swan an enterprise value of Rs 10,350 crore.

Also, in June this year the AV Birla group's Idea Cellular bought BK Modi's 40.8 per cent stake in Spice Communications for Rs 2,700 crore for just two circles with over 4.5 million subscribers.

Unitech, however, paid Rs 1,650 crore as licence fee for the pan-Indian licence, for which it gets a valuation of over Rs 11,000 crore.

Unitech will have three members on the board, including the chairman. Telenor will have four board members, including the managing director.

"We are long-term investors and experts at greenfield operations. So though the market is crowded, there is still large scope for penetration in India," said Sigve Brekke, executive vice-president and head of Telenor (Asia operations).

Telenor has operations in Bangladesh (where it is the largest mobile operator), Pakistan, Malaysia and Thailand. With over 65 million subscribers in Asia, it is the fourth-largest global player in this market after SingTel, NTT DoCommo and Vodafone.

Telenor's investment will be in phases, with the first tranche of 25 per cent likely in a month. The entire amount is expected to be in by 2009, Brekke said. The company will raise the money for the deal through a rights issue.

Unitech closed up 1.63 per cent to Rs 49.90 on the Bombay Stock Exchange today. On the Oslo Stock Exchange, however, Telenor's shares fell 19 per cent. Rating agency Moody's placed the ratings of the company on review for a possible downgrade.

Unitech Ltd has so far invested Rs 138 crore as equity in the telecom venture. In addition, Unitech Telecom has borrowed around Rs 2,000 crore from the holding company and from banks (the latter being guaranteed by the real estate company).

Of this, around Rs 550 crore will now be converted into equity shares of Unitech Wireless.

"The conversion of debt into equity will take place after Telenor infuses its entire commitment of Rs 6,120 crore. Until then, Unitech's debt to Unitech Telecom will attract interest," said a senior company executive.



The deal will help Unitech Ltd reduce its debt as it will no longer have to guarantee the loans, which have been given by banks to Unitech Wireless. Unitech Ltd currently has a debt of over Rs 6,700 crore.

Telenor is also looking at an entry into third generation (3G) mobile services, which are yet to be launched in India.

“We are yet to finalise our plans for 3G services in India, though we are looking into it. This deal is based on 2G services and anything beyond that will be an additional cost,” Brekke added.

27. Cinepolis plans \$350-m India show, scouts for local partners

The Economic Times, Oct. 30, 2008

New Delhi: Leading global multiplex player Cinepolis is entering India. The Mexico-based firm, considered to be the fifth-largest cinema operator globally, has initiated talks with real estate developers in the country for its multiplex operations. Once it starts operations, it would become the only international multiplex player in the domestic market.

According to sources, Cinepolis India, which is a wholly-owned subsidiary of Cinepolis Mexico, has earmarked \$350 million for its India operations.

Replying to ET's e-mail questionnaire, Cinepolis India country manager Minal Saini said, “We are committed to India. Our initial target is to have presence in 40 cities. In the next 5-7 years, our goal is to have 500 screens.”

However, he added, that the company was facing constraints due to the lack of good quality malls and other construction delays. Besides, tie-ups with mall developers, the company could look at some standalone projects.

The exhibition chain is expected to position itself as a premium destination. “We are looking at cities with the right combination of affluence, movie watching propensity and population.

Our product would be well differentiated from Indian multiplexes and we would look at offering more at a lesser price point,” said Mr Saini.

The privately-owned Cinepolis operates 2,000 screens globally and has added 240 new screens this year. As per the information on the company's website, the company clocked \$538 million in revenues in 2006 end. The company is known to have pioneered the concept of Gold Class which has now been adopted by all the multiplex chains globally.

Cinepolis would be the second international multiplex to enter India. The only other player that had entered India was Village Roadshow of Australia, which collaborated with PVR's Ajay Bijli to start one of the first multiplexes in New Delhi - Priya Village Road. The Australian firm exited India in 2003 due to its global restructuring.

According to estimates by PricewaterhouseCoopers and Ficci, the number of multiplex screens in India is expected to touch 5,000 by 2012, constituting around 40% of the total cinema screens. As of December 2007, there were 1,350 screens.

28. Ispat Energy plans to produce bio-CNG

The Hindu Business Line, Oct. 30, 2008

To invest Rs 1,000 cr to get gas from sugarcane byproduct.

Mumbai: Ispat Energy Ltd, a subsidiary of Ispat Industries Ltd, has plans to invest about Rs 1,000 crore in the current fiscal for producing bio-CNG from pressmud, a byproduct of sugarcane processing.

Biogas is extracted from pressmud, and it is further chemically treated to produce bio-CNG.

The gas produced can be used as a fuel for transportation and industrial applications.

Mr Shishir Tamotia, CEO, Ispat Energy, told Business Line that the company intends to work with 20 sugar mills in Maharashtra and Uttar Pradesh for producing bio-CNG. It has decided to invest Rs 35 crore in a bio-CNG facility for Warna Sugar Ltd, Maharashtra, he said.

Mr Tamotia declined to share the details of the fund raising plan.

Ispat Energy has signed a BOOT (build-own-operate-transfer) agreement with Warna for setting up the 11,000 cubic metres a day bio-CNG plant, which will be online by October 2009.

The plant is expected to utilise 110 tonnes of pressmud and 100 tonnes of wet and dry organic manure a day to produce the gas. The complete project can generate 16,000 to 30,000 carbon credits a year.

CantorCO2e, which is of the leading provider of financial services to the global environmental and energy markets, would be developing the clean development mechanism documentation, which is required for selling the carbon credits for 10 years.

Mr Tamotia said that bio-CNG would be produced at about Rs 26 a kg and would be sold to Warna at Rs 28 a kg. The sugar mill would use it as a piped natural gas for its residential colony and also selling it commercially in 19 kg cylinders, he said.

Mr Tamotia said the company planned to invest Rs 5,000 crore in the next five years for distribution of natural gas. It would produce its own natural gas from organic sources and not from hydrocarbon sources.

It has identified tier-II and III cities such as Kolhapur and Sangali close to the sugar belt of Maharashtra for city gas distribution, he said.

29. Aegis BPO to hire 1,000 every month

31 Oct. 2008, PTI

NEW DELHI: Aegis BPO Services, an Essar group company, will add about 1,000 people per month taking the total headcount to 35,000 by this fiscal-end, even as the outsourcing industry is going slow on its recruitment plans.

The company, which announced the completion of the acquisition of US-based PeopleSupport Inc today, said even though the outsourcing industry is going through a rough patch, Aegis BPO is likely to report 35 per cent organic growth this financial year.

The \$250 million dollars acquisition at \$12.25 per share was funded by internal resources, Aegis BPO said, adding that the \$12.25 represents a premium of around 29 per cent over PeopleSupports closing share price on August 1.



The combination creates a new global BPO leader with revenues of around \$450 million, nearly 30,000 employees and 20,000 production seats in 31 locations worldwide, providing services to over 60 different clients, it said.

"The current economic scenario provides a suitable situation for us, as organisations are looking at protecting their profits and this provides enhanced opportunities for us," Global CEO and Managing Director of Aegis, Aparup Sengupta, said.

On hiring terms the company has a bullish plan as the net addition would be around 1,000 persons per month and going forward by the current financial end, the company would have total employee strength of 35,000.

"We are extremely pleased to welcome PeopleSupports clients and employees to our organisation. With significant operations in the Philippines, India, the US and Costa Rica, Aegis BPO will continue to serve PeopleSupports clients with their existing teams," Sengupta added.

30. TCS, Infy: No job cuts, hiring stable

31 Oct. 2008, IANS

BANGALORE: Two of India's top information technology (IT) majors Tata Consultancy Services and Infosys Technologies Ltd have assured the Karnataka

government that they will not retrench any of their employees in the wake of the global financial crisis, a top state government official said.

TCS and Infosys have clarified that they would not lay off any of their employees and their future recruitments would continue, Ashok Kumar C Manoli, principal secretary for information technology, biotechnology and science and technology of the Karnataka state government told reporters.

The impact of the financial crisis on the IT sector was not alarming but the state government was keeping a close watch on the situation, he said. Karnataka generates 36 per cent of India's IT revenue.

"As far as the past six months were concerned, the growth rate in the IT industry remained stagnant at 28 per cent but we will be able to get a clearer picture by the end of the year," Manoli said.

According to figures available with Software Technology Parks of India (STPI), Karnataka, the state registered Rs 150 billion IT exports in the first two quarters of 2008 as against Rs 130 billion the previous year.

"If we see the figures, the trend is positive. But yes, the global recession will have some effect on IT and business process outsourcing (BPO) companies. But the figures are yet to come out. So we are waiting and watching the situation carefully," said R Rajalakshmi, director of STPI, Karnataka.

"Urgent measures need to be taken by the industry itself, including cost cutting. The annual IT conclave starting here on November 6 will deliberate on the strength and weaknesses of the industry and models to redesign its entire working," said Manoli.

Manoli along with Karnataka IT and BT minister Katta Subramanya Naidu were talking to the media on the 11th edition of 'Bangalore IT.Biz', an annual event.

The conclave will bring together IT industry leaders to discuss the impact of the financial crisis on the IT sector and what steps need to be taken to tackle the situation.

"Top IT companies from around the globe will be participating in the meeting. This is an ideal time for companies, policy makers and industry bodies to introspect and find out a solution to overcome the economic slowdown. And, more importantly set strategies for the future," Manoli said.

Naidu assured his government's help to the IT industry. "The state would extend help to all the IT companies to face the current crisis," he said.

Mexico is a partner country and Gujarat a partner state at the IT.Biz. A 50-member delegation from Mexico will take part in the IT.biz. Delegations from countries like Germany, Japan, Bavaria, Denmark and Britain will also participate.

The event will include conferences and round table discussions on various issues such as healthcare, telecom, education, cyber and national security, green technologies, geographic information systems (GIS) and special technologies.

There will also be an exclusive event by the state government on Rural IT policies as well. A total of 100 companies will display their products and services.

31. US firm to take stake in Solar Semiconductor

Business Standard, Oct. 31, 2008

Hyderabad: Hyderabad-based Solar Semiconductor, which manufactures photo voltaic (PV) modules and solar cells, has entered into a reverse merger agreement with US-based Trans-India Acquisition Corporation (TIAC).

TIAC, which is listed on the American Stock Exchange, is a special purpose vehicle floated to raise money through mutual funds, hedging and institutional funds and invest the same in acquisitions.

Under the agreement, TIAC will acquire no less than 80 per cent in Solar Semiconductor and its subsidiaries in India and the US. It will pump in \$92 million (about Rs 450 crore) for its expansion activities. Solar Semiconductor, on the other hand, will have access to capital markets for raising funds, bypassing the process of going public.

Speaking at a press conference here, Solar Semiconductor CEO and President Hari R Surapaneni said the shareholders would get TIAC common stock valued at \$8 a share in exchange for their stock share. The purchase price will increase or decrease, based on performance. The initial closing of at least 80 per cent of the outstanding capital stock of Solar Semiconductor will be on February 14.

The company resulting due to the merger will be named Solar Semiconductor Corporation and TIAC will cease to exist after the closure of the agreement. The existing Solar Semiconductor management will continue in the new company. TIAC will file with the Securities and Exchange Commission a proxy statement for the proposed transaction.

Solar Semiconductor, at present, has a 75-Mw manufacturing facility at Hyderabad. It is also setting up a new campus on 50 acre at the Fab City here. By the first quarter of 2009, the company would an additional 120 Mw PV module capacity and PV cell capacity of 30 Mw each in the second and fourth quarter of 2009.

The company registered consolidated revenue of about \$15.2 million (about Rs 74.48 crore) for the year ended March 31, 2008. Revenues in the second quarter ended September 30 stood at \$27 million (Rs 132.3 crore). "We expect the revenues to touch \$140 million (Rs 686 crore) by March 2009 on the back of current orders," he said.



32. OSL projects may be commissioned by 2011

Business Standard, Oct. 31, 2008

Bhubaneswar: Oceanic Shipyard Limited (OSL), a 50:50 joint venture company formed by the Kolkata-based Apeejay Shipping Limited and Mumbai-based Bharti Shipyard Limited expects to commission its ship building yard and oil rig manufacturing unit in Orissa by early 2011.

OSL is investing Rs 3,100 crore in the two projects to be developed in three phases over a period of five years and Rs 2,000 crore will be invested in the first phase. The company has selected two sites for these two projects which will be developed simultaneously and had sought around 1,000 acres of land for these projects from the Orissa government.

While construction of a large shipyard has been planned for Chardia in Bhadrak district, the manufacturing and repair facility for oil rigs, off shore structures and support vessels would be set up at another site, north of the upcoming Dhamra port, close to the shipyard site. The project site for the shipyard has received administrative approval as well as clearances from the State Level Single Window Clearance Authority (SLSWCA) and the High Level Clearance Authority. The site selected for the manufacturing and repair of oil rigs and support vessels has also been cleared by SLSWCA.

"The land acquisition process for both these sites has been initiated by the Orissa government and the company expects the process to be completed by November this year. While the site selected for the ship building yard is mostly private land, the site for oil rig manufacturing unit is essentially government land and is expected to be handed over to the company shortly", said Sourav Das Patnaik, the chief executive officer of OSL.

The shipyard project will have a final steel throughput of 3,50,000 tonnes of steel per year once it is fully operational after the end of five years. In the first phase, ships up to a capacity of 75,000 dead weight tonnage (dwt) have been planned which will be scaled up to 1,50,000 dwt in the second phase and finally reach 3,00,000 dwt in the third phase, he added. The ship building and rig manufacturing units, when fully operational are expected to provide direct employment to more than 5,000 people and indirect employment to over 33,000 people.

33. Centre to streamline FDI policy as foreign investments touch \$17.2 bn

The Financial Express, Nov. 05, 2008

New Delhi: The country has managed to receive foreign direct investment (FDI) worth \$17.2 billion in the first six months of this financial year, a whopping 137% increase over the same period last year. But the global financial crisis prompted the government to announce on Tuesday that it would further streamline the FDI policy, including easing of FDI norms in the defence sector, to help meet the target of \$35 billion for the fiscal.

FDI inflow into the country in September alone was \$2.56 billion, a 259% increase over \$713 million in the same month last year, according to government data.

Announcing this on the sidelines of a function organized by CII, Ficci and Assocham here, commerce and industry minister Kamal Nath told reporters, "We hope to keep this momentum going for the rest of the financial year."

Expressing optimism that the country would achieve the FDI target of \$35 billion for 2008-09, Nath said the government would soon look at streamlining various aspects of FDI norms, including procedural issues. In 2007-08, India received FDI inflows of \$24.57 billion. In August, the country had received FDI worth \$2.32 billion, a jump of 180% over August 2007.

"The Cabinet will consider this (streamlining of FDI norms) in the next couple of meetings. We will see how we can give a new thrust to manufacturing, especially in defence production, by easing FDI norms,"he said, adding that India has the potential to become a leading manufacturer of defence products.

Nath said the government wants to give a signal to the rest of the world that India is open for more FDI. "We (the government) want to ensure that India continues on the growth trajectory so that the global economic doom is not economic gloom for India,"he said.

Pointing out that FDI inflow in the first six months was based on commitments made by foreign investors much before that, Rajiv Kumar, director and chief executive, Indian Council for Research on International Economic Relations (ICRIER), said, however, that the first quarter of 2009 would be challenging, because by that time the effect of global financial crisis would be seen on fresh FDI inflows into the country.

He said the liquidity crunch would impact realty sector, which has been one of the sectors getting maximum FDI. Software sector, including outsourcing, also will be hit, he added.

Kumar said the government's move to increase the FDI limit in insurance sector from 26% to 49% would help in attracting more FDI into India. Opposition party BJP has said that it would oppose the Bill raising the FDI cap in insurance if the Bill regarding it is placed in Parliament as the move was not suitable amidst the current economic scenario of the country.

34. India likely to emerge ahead of other Asian countries from downturn

IBEF, Nov. 05, 2008

New Delhi: India is likely to become the first country in Asia to emerge from the impact of the global meltdown, according to a senior economist at CLSA Asia-Pacific Markets equity and research firm. This may be possible owing to benefits accruing from the upsurge in domestic consumption and lowered commodity prices. "We do expect the Indian business cycle to be the first to bottom in Asia. And, it should, in theory, be the first to emerge," Sharmila Whelan, senior economist at CLSA revealed. "The worst will be over by mid-2009 and by 2010, you should be able to see the next investment-led business cycle taking root."

The other major factor contributing towards the healing is the fact that its trade is about 32.5 per cent of the gross domestic product (GDP), about half that of China and the European Union, according to the Asian Development Bank.

Prices of essential commodities such as crude oil, copper and wheat have pared by more than 50 per cent from records this year, reeling under the worst downturn in the US economy since 2001. India relies on oil imports for three-quarters of its energy needs. "India stands to benefit significantly from falling commodity prices and therefore corporate profit margins should improve ahead of its peers" in the region, Whelan said.

India's gross domestic product grew at 9 per cent in the previous fiscal while inflation rate in the country fell below 11 per cent for the first time since May 2008. Whelan attributes the lowered inflation to the rate cuts earlier announced by the Reserve Bank of India (RBI). She expects further reductions and revealed, "It is a fact, inflation has turned. That gives them scope to cut rates," said Hong Kong-based Whelan, who is attending an investor conference organised by CLSA in India. "Obviously, growth is a concern."



35. Despite global crisis Punjab gets FDI in pharma

The Financial Express, Nov. 05, 2008

Chandigarh: Merial, a joint venture between Merck and Company Inc (USA) and Sanofi-Aventis (France), has preferred Punjab over states like Himachal Pradesh, Gujarat, Andhra Pradesh and Karnataka for setting up a Rs 500-crore vaccine manufacturing plant.

Jean Loius Crosia, president, Merial, while speaking at a meeting with Punjab chief minister Parkash Singh Badal at his official residence on Tuesday, confirmed that Merial had scouted for investment destinations in Andhra Pradesh, Gujarat, Himachal Pradesh and Karnataka. The company, however, zeroed in on Punjab after getting a favourable response from the Punjab government.

Crosia also revealed that for the company's operations in India, the group has formed a new company, Merial India Private Limited, with an investment of Rs 250 crore. This new company would be responsible for the setting up of an R&D centre to explore India's domestic requirements of the foot and mouth disease vaccine, besides a full-fledged production plant, to be established in Punjab. He further informed that the company has already purchased 20 acre of land in Lalru, Mohali. The first phase of the project would be completed by 2010 and the second and third phases would be functional by 2011 and 2013 respectively. Merial is the only global pharmaceutical company exclusively devoted to animal health and it has also firmed up its plans to pump in \$100 million (Rs 500 crore) FDI, by setting up a foot and mouth disease vaccine-manufacturing project at Lalru.

Besides the CM, industries minister Manoranjan Kalia, chief secretary RI Singh, principal secretary to the chief minister DS Guru, principal secretary animal husbandry SC Aggarwal, principal secretary industries and commerce SS Channy and additional principal secretary to chief minister AK Mahajan were among others present at the meeting.

Crosia claimed Merial is a leading innovation-driven animal health company, providing a comprehensive range of products to enhance the health, well-being of animals. He pointed out that Merial employed approximately 5,000 people and has operations in more than 150 countries. "The biotech facility with world-class process and standards in Punjab will be comparable to facilities in UK, Brazil and France," said Crosia.

36. India Inc hails govt steps to ease crisis

The Financial Express, Nov. 04, 2008

Signal to banks clear, rates will react to situation: CII

New Delhi: Lauding the government's efforts to infuse liquidity in the system and the subsequent meet of the Prime Minister with industry leaders, the Confederation of Indian Industry president, KV Kamath, on Monday said that we have got an assurance that the government and the industry is on one side and the government will work with the industry to see that any challenge faced by the industry would be alleviated.

"We appreciate that the government is aware of further challenges and is active in trying to resolve these challenges and they put it this way that we are on it 24/7 and will continue to provide support as required," Kamath said.

Commenting on the latest cut in repo rate and the cash reserve ratio, he said that signal to banks is very clear and lending and deposit rates will react to liquidity. "As a banker, I will say this that the government cannot actually on its part lower interest rates; the banks have to lower interest rates. So pumping in liquidity into the system and thereafter the interest rates getting tamped is the way this is going to happen. So I think we need to give it few days to see what impact it would have," he said.

Kamath said as far as systematically the financial system is concerned, it was stressed that both the mutual fund and the non-bank finance companies are an integral part. "We would need to make sure that their health and liquidity needs are addressed in an appropriate way". Kamath added the

government gave the assurance that as and when required, they would continue to monitor liquidity and pump in that amount as required.

Kamath, who is also the managing director of ICICI Bank said the bank will review the interest rates in few days. "We will review interest rates after watching the impact of RBI decision on liquidity. Chidambaram has also said he will talk to PSU banks on Tuesday," he said.

37. Meltdown not to hit Posco Orissa project

Hindustan Times, Nov. 04, 2008

Bhubaneswar: The global financial meltdown will not affect in any manner the Rs 51,000-crore Posco steel project in Orissa.

After meeting Chief Secretary Ajit Tripathy here, Posco-India director GW Sung said on Monday, "The international financial crisis will not hit Posco's project in Orissa".

Meanwhile, Posco's forest diversion plan has got the stage-1 clearance. Out of the total 4,004 acres for the project near Paradip, 2,958 acres are demarcated as forest land.

"The company has committed while seeking environmental clearance for the steel plant that 25 per cent of the land earmarked for the project will be utilized for green coverage," said a Posco official.

Posco has committed to grow 2 million trees inside the project area in Jagatsinghpur district. "Besides, the company has also agreed to provide for compulsory afforestation as per forest diversion proposal approved by the Supreme Court," he said. Nearly 2.8 lakh trees would be felled for the steel project in Jagatsinghpur district.

South Korean steel major Posco signed a MoU with the Orissa government in June 2005 to set up a 12 million tonne (MT) steel plant in Jagatsinghpur district with an investment of \$12 billion (Rs 51,000 crore). Due to local protests and other factors, the foundation stone for the project could not be laid till date.

38. Volkswagen to secure Indian auto components worth US\$ 1.26 billion

IBEF, Nov. 04, 2008

New Delhi: German automobile major, Volkswagen AG, has worked out plans to secure auto components from Indian supplier firms, worth almost US\$ 1.26 billion within the next two years for its global operations. The company is also aiming at part-indigenous production of cars at its Pune unit in India within two years of starting operations.

Addressing the press at Wolfsburg, the company's headquarters in Germany, Volkswagen AG global Head of Purchase (New Product Start-Ups) Bernd Martin stated, "Our target is to give priority to local suppliers for our soon-to-be-launched Polo once the Pune plant starts operations by the end of 2009." "We are planning to source at least 55 per cent of the components for the plant and its production at the start of our operations and take the figure to 70 per cent within two years of that," he added.

Martin further said that the company had had a look at component parts from various Indian suppliers at the just concluded fifth International Suppliers Fair organised at Wolfsburg. "We are looking at exporting components worth at least US\$ 1.26 billion from the Indian supplier firm within next two-three years," he said.

The company is also planning to use India as an export market for components to Europe. "We have already come up with a regional sourcing office in India. Our priority is to use local competency, technology and materials," Martin revealed.

39. NTPC to foray into cement making

Hindustan Times, Nov. 04, 2008

New Delhi: Power sector giant NTPC is contemplating to enter into manufacturing of fly ash based cement and ash based products from ash generated at its power stations.

With its present installed capacity of 28644 mega watt of (thermal power plants) NTPC is likely to produce 52 million tons of ash annually and the annual generation of fly-ash is likely to be in the region of about 42 million tons, an official pointed out.

"There is room for more cement manufacturers and with available raw material we feel foraying into the cement sector will help us add profit through a new venture," the official said.

A market survey conducted by NTPC has revealed, venturing into fly ash based cement business under joint venture with a strategic partner(s) with established experience in cement manufacturing will be a "profitable business" option if NTPC is able to supply assured quantities of fly ash, power and land to such joint ventures.

The over all percentage of ash utilisation is 55 per cent as per ash utilisation status for 2007-08.

However, only about 20 per cent of fly ash is being allocated to the industries as a resource product for cement manufacturing and the balance is being disposed off for land filling, road construction and other allied purposes.

"There is need for increasing utilisation of ash on sustainable basis which can be achieved by establishing new ash based cement grinding unit(s) in the vicinity of NTPC's thermal power plants," the official said.

40. WiMax players make beeline for India to set up software centres

The Economic Times, Nov. 03, 2008

New Delhi: After making itself an attractive destination for both mobile networks manufacturing and related R&D, the country looks set to offer similar opportunities for WiMax. All leading players in the WiMax sector such as Alcatel-Lucent, Alvarion, Telsima, Beceem, Wavesat and Motorola told ET that they are increasingly looking at India as one of the bases for WiMax software development and also to house their manufacturing facilities in the near future.

According to industry estimates, network majors who have manufacturing and R&D facilities have already led a combined investment of close to \$2 billion in India towards WiMax.

The C-DoT Alcatel-Lucent Research Centre (CARC) in Chennai, which completed India's first live WiMax IEEE 802.16e-2005 (also called Rev-e) field trial using Aircel's licenced spectrum, way back in 2007, will use the country as one of its key bases for this technological platform.

This technology has already been jointly patented by Alcatel-Lucent and C-DoT is being commercial deployment at present. Importantly, Alcatel-Lucent has decided to utilise India for manufacturing broadband and WiMax equipment through a transfer of technology and contract manufacturing arrangement with state-owned ITI. This will happen at the ITI plant at Naini.

Other global firms too are on a similar path. "Almost 33% of Beceems total chipset production happens in India. We are also looking at tying up with OEMs," said Beceems regional director Sunil Kumar. Beceem employs more than 130 engineers in its India R&D center at Bangalore. Beceems is a leading global player for semiconductor chips, solutions and technology and in the fast growing WiMax mobile market. The company's chipsets are increasingly being used to build commercial mobile WiMax networks in Asia.

Aricent, one of the significant players in the industry has invested close to \$400 million in its R&D centre at India. The company has tagged along more than 200 engineers to develop base station software as well as ASN gateway and has plans to ramp up the headcount to about 500 till next year.

“Almost 80%-90% of our total operations happen from India. The country contributes about 30% to the global market for WiMax equipment and softwares. India is a large market and we are keen on driving investment here,” said Aricent Head (wireless & convergence datacom) Ajay Gupta.

The wireless market research firm, Maravedis estimates that India's decision to award WiMax spectrum 3.3 and 3.5 GHz frequency bands, equipment opportunities will rise rapidly from a mere \$25 million at present. WiMax Forum's India chairman, C S Rao estimates that currently, close to 2,000 engineers are already employed across the industry to develop WiMax enabled devices, application software while adding that that about 50% of global software development for WiMax is taking place in India.

Apart from global players, several WiMax-related start-ups have also emerged. US-based Telsima is working with Tata Teleservices on its WiMax deployment; Sloka Telecom, a start-up based here, which has been building WiMax networks in France, Brazil and Indonesia, is also eyeing the Indian market.

“More than 60% of software development is happening in India. About 50 people work at our facility and once the spectrum is available and roll out starts the number is expected to increase,” said Telsima's VP for manufacturing Raj Iyer.

41. Foreign air cargo players upbeat about industry, to add capacity

The Economic Times, Nov. 03, 2008

Indian air cargo industry does not seem to suffer from the kind of tumultuous upheaval that air passenger industry is subjected to now-a-days. In fact, air cargo movement in the country is going to gather further momentum with international airlines planning to increase their capacities into Indian market.

Carriers from the Middle East like Emirates are expanding to India and are also offering onward connections from the Gulf. Egypt Air, British Airways and some carriers from China are also expected to increase their connections to India.

As part of its expansion, Emirates is stepping up frequencies to New Delhi, Mumbai, Bangalore, Hyderabad, Chennai and Kochi in a phased manner. Effective October 26, 2008, Emirates has introduced four additional flights per week between Chennai and Dubai and in the next phase of expansion, one more flight will be added to the route from February 1, 2009, bringing the total count to 19 flights a week.

From its 10 flights per week schedule from Kochi, Emirates has introduced two additional flights per week from Kochi to Dubai effective October 26, 2008. It has announced another two flights from December 1, 2008, taking the total count of weekly flights to 14. Cargo capacity, accordingly, will increase from 176 tonne to 221 tonnes per week.

Thanks to these capacity augmentation programme of airlines, industry sources expect, cargo movement will gain momentum with increased capacity to support export of pharmaceuticals, vaccines, garments, chemicals, meat, fruits, vegetables, etc. to Middle East, Africa, Europe and America.

Emirates has recently announced a second round of expansion for India, adding 31 weekly flights to its existing 132 weekly flights by February 2009. It will be able to increase air cargo capacity to 389 tonne per week. Significantly, the enhanced capacity will position the airline as the single largest international carrier in the Indian skies, operating 163 flights per week to 10 Indian gateways.



In Mumbai, Emirates will add 7 additional flights per week to its current 28 flights per week schedule effective February 1. Correspondingly, the cargo capacity will increase to 641 tonnes per week.

From Bangalore, its cargo capacity will increase to 302 tonnes per week. The increase is expected to provide significant thrust to goods movement from the garden city which exports electronic hardware, engineering goods, chemicals and pharmaceuticals, fruits, vegetables, and readymade garments to the Gulf, Middle East, Africa, Europe and America.

Chennai is also set to receive enhanced capacity to accommodate its large cargo export base of textiles and garments, electrical and electronic goods, machinery and spares, leather and leather products, pharmaceuticals, perishables, valuables and mobile phones.

According to aviation sources, several established dedicated cargo carriers are also increasing capacity to India. However, Indian carriers are now not focusing on cargo much as they are in the process of cutting down the capacity.

Leading carriers such as Air India, Jet Airways and Kingfisher Airlines --- which were projecting cargo as one of the main sources of revenue -- are now pulling out capacity by 15% from the international routes.

Despite the downturn in the economy, according to industry analysts are bullish about air cargo traffic which is adequately fuelled by economy. They also believe that the advent of dedicated cargo aircrafts at international and domestic routes will reduce the share of traffic transported by railways and ships.

Contrary to the general perception, commercial activities and a rapidly growing food processing sector will help drive the surge in cargo traffic, they said. The government measure of allowing foreign carriers to take up to 74% stake in cargo airlines is also expected to keep the momentum, they said.

42. Global reputation will help Indian firms grow: Gates

The Economic Times, Nov. 06, 2008

New Delhi: Microsoft chairman Bill Gates on Wednesday said that Indian IT companies will be affected by the global economic slowdown but will continue to grow their business as they have built a global reputation.

"IT companies in India are great partners of Microsoft. They are investing in the long term and they have a pretty incredible reputation. They are always considered whenever a global project comes up," he said, speaking at a seminar at IIT Delhi.

Mr Gates is currently on a visit to India to promote anti-polio and other healthcare efforts, undertaken by his charitable foundation, the Bill & Melinda Gates Foundation, in the country.

Talking about the financial crisis that started with the US and has now spread to other markets, Mr Gates said that global markets had overreacted in gauging the spread of the crisis. "There is no doubt that the US is in somewhat of an economic recession but it doesn't need to extend to other markets.

I think the markets have overreacted. The economy will have some weakness for more than six months but it will get back on track," he said. A proponent of increasing the number of H1-B visas, the speciality worker visas for foreign nationals working in the US, Mr Gates also highlighted the shortage of right skills worldwide during his speech.

"The world continues to have a shortage of the right skills. So, we need more IITs, more universities. The shortage might be bridged in another 10 years when it will catch up with the demand, leading to a new set of challenges.

But there are always opportunities for those with the right skill sets," he said. The Microsoft co-founder also unveiled a new programme, DreamSpark, on Wednesday that will provide the latest Microsoft developer and designer tools to students for free.

43. Toyota Kirloskar investing Rs 1,553 cr (\$420 million) in second plant

The Hindu Business Line, Nov. 06, 2008

Total investment in second plant goes up to Rs 3,200 cr.

Plans ahead

The second plant will produce passenger vehicles, including the Corolla, as well as a new compact vehicle

It is scheduled to begin operations in 2010 with annual production capacity of around 100,000 vehicles

Bangalore: Toyota Kirloskar Motor Private Ltd (TKM) will invest an additional Rs 1,553 crore into its second plant which is being set up for building compact cars for the Indian market.

A statement from the carmaker said that the total investment into the second plant has now gone up to Rs 3,200 crore. "The fresh investment will be for the both general-purpose and specialized equipment necessary for manufacturing a new compact vehicle," the statement said.

Earlier, the car maker had announced its decision to invest about Rs 1,647 crore for the buildings and basic equipment for the second plant. The second plant is scheduled to begin operations in 2010, with an initial annual production capacity of around 100,000 vehicles. It will produce passenger vehicles, including the Corolla, as well as a new compact vehicle.

"The aim is to meet the broad needs of customers in India, where motorization is expanding rapidly," the statement said. Most of the investments will be through internal accruals. For additional funding, both the joint venture partners, Toyota Motor Corporation (TMC) and the Kirloskar Group, could pump in funds according to their equity holdings in the venture.

Sources in the company had earlier said that both the equity partners are in talks to raise additional funds. Toyota holds 89 per cent stake in the venture while the rest is with the Kirloskar Group.

Currently, TKM produces the Corolla and the IMV series Innova, with annual production in 2007 of 52,000 vehicles. Once production begins at the second plant in 2010, the two TKM plants will have a combined annual production capacity of around 160,000 vehicles.

Sustainable activities

The statement said both TKM plants will play an important role in Toyota's sustainable plant activities, which seek to emphasise the role of nature in creating production sites that are in harmony with their natural surroundings, by pursuing the following initiatives:

- a) Reducing energy consumption through the introduction of production technology with lower CO2 emissions;
- b) Using renewable energy sources, such as biomass, solar and wind power;
- c) Striving for a harmonious coexistence with the local community through such activities as planting trees at plants and
- d) Reducing environmental impact through measures such as introducing a wastewater recycling system, using water-borne paints, and achieving zero discharge and landfill.



44. Ford's expansion plans for India on track

The Hindu Business Line, Nov. 06, 2008

'Credit crunch has not affected our long-term plans'.

New Delhi: Despite the tightening credit situation in the automotive industry, Ford India said on Wednesday that its expansions plans, including the \$500-million outlay for its Indian operations, are firmly on track.

“The credit crunch has impacted buyer confidence for the short-term period but has not affected our long-term plans,” Mr Michael Boneham, Ford India President and Managing Director, told reporters here.

Earlier this year, the company had announced an investment of \$500 million in India for a new engine and transmission plant in Chennai and development of a small car to be launched by 2010.

“Ford is confident that we will be a big part here. Our capacity enhancement programme and the small car project will continue as announced earlier,” he said.

On the investment the company has undertaken, Mr Boneham said the carmaker's integrated engine plant in Chennai, which will have an installed capacity of 250,000 units a year by 2010, is already churning out 60,000 engines annually.

The plant will be its first outside Europe and will make low-displacement engines for cars to be rolled out of its Indian plant for both domestic market and exports.

The company's existing \$26-million diesel engine assembly plant, with a capacity for 50,000 diesel and 10,000 petrol engines for Fiesta and Fusion, would be eventually integrated with the new plant.

Ford India has the capacity to assemble some 1,00,000 cars annually at its facility here, which will be doubled to 2,00,000 by 2010.

On the sales, he said, “We expect the next year to be a tough one for the industry with a single digit growth. Our company is also expecting the same but we expect the new Ikon playing a key role to tide through the tough phase,” Mr Boneham said.

Noting that the small car would cater not only to the domestic demands but would also look for exports, he said the company would not shelve its small car project, announced last year.

“We will launch the small car by 2010, we will also go forward with other product launches in the next fiscal despite low growth,” he said.

The company launched the new petrol and diesel variant of its entry-level sedan – Ikon, priced at Rs 4.59 lakh and Rs 5.19 lakh (ex-showroom, Delhi) respectively.

The diesel variant of the new Ikon would come with a 1.4 litre DuraTorq TDCi engine, while the petrol variant would be available with a 1.3 litre RoCam engine.