

Newsletter, 5-XII-2008

1. [A wounded city turns from tears to anger](#)

Life in Bombay is profoundly unjust; more than half the residents live on the pavement or in the slums. Naturally we admire the fact that the Taj was founded in a fit of egalitarianism and fair play. In the 19th century, the legend goes, an Indian tycoon was refused admission into a whites-only hotel; he decided to start an hotel where a man would never be judged by the colour of his skin. In a young city where so much is transient the Taj has endured for more than a hundred years; it has the aura of antiquity in Bombay that Caesar's Forum has in Rome.

2. [Mumbai attacks' impact on investors limited](#)

It seems unlikely that the terrorist attacks will have much of an impact on the Indian economy" said senior currency strategist Win Thin at Brown Brothers Harriman in New York in a research note. "However, it will certainly sour investor sentiment at a time when it was already poor. And the attacks come at a time when the economy is slowing and is the most vulnerable it has been in years."

3. [No slowdown seen in banks' ATM network expansion plan](#)

At a recent press meet, a SBI official, too, had hinted that the bank would stick on to its target of increasing ATMs from the existing 7,200 to 25,000 within three years. Four banks — SBI, ICICI Bank, HDFC Bank and Axis Bank — make up for more than 60% of the 35,000-ATMs in India.

4. [October adds highest ever mobile subscribers at 10.42 million](#)

During the month of October the country added the highest-ever addition to the mobile subscriber base at 10.42 million taking the total number of mobile users to over 325 million, according to the data released by the Telecom Regulatory Authority of India (Trai). India already has the distinction of being the world's fastest growing telecom market.

5. [Punjab contributes record 90% rice to national pool](#)

Though Punjab has not been included among the states that are allocated funds under the National Food Security Mission for transplantation of paddy, but the state has contributed record 90% of rice to the Central pool during the current paddy season.

6. [IITians' contribution to economy is Rs 20 lakh crore: Study](#)

Every one rupee invested in an IIT has had an economic impact of Rs 15 and each IIT graduate meant 100 new jobs, says a study commissioned by an umbrella organisation of IIT alumni. Raging debates over the contribution made by the IITians on whom the government has invested millions of rupees over the past over five decades could well be settled if the findings of the study by PanIIT are any indication.

7. [Healthcare gets \\$450 mn from PE funds this year](#)

Private equity funds are increasing their investments in Indian healthcare space despite the global credit crunch and turmoil in the stock markets, according to a study. Funds such as ICICI Ventures, IFC, Ashmore and Apax Partners have invested about \$450 million (about Rs 2,250 crore) in the first six months of the current financial year compared with \$125 million (approximately Rs 675 crore) in the same period a year ago, said an analysis carried out by Feedback Ventures. The rise in investments is over three fold, the infrastructure consultancy said.

8. Union Cabinet nod to fresh India-UAE air services pact

In order to spur trade, investment, tourism and cultural exchange between India and the United Arab Emirates (UAE), the government today gave its approval for the signing of a revised air services agreement between the two countries.

9. Bhel plans acquisition of transmission cós

Bharat Heavy Electricals (Bhel) plans to acquire companies in the non-conventional energy and transmission business to more than double its turnover to Rs 50,000 crore in the next five years. "Our future growth in new identified business areas such as non-conventional energy and transmission will be mainly through the inorganic route. We are looking at opportunities in India and abroad," according to K Ravi Kumar, Chairman and Managing Director.

10. Bhel to set up Rs 8,700-cr power plant in Tamil Nadu

Tamil Nadu Electricity Board (TNEB) has entered into a joint venture agreement with Bharat Heavy Electricals Ltd (BHEL) on Wednesday to set up a 2 X 800 mw thermal power plant at Udangudi in Tuticorin district of Tamil Nadu with an estimated investment of Rs 8,700 crore.

11. Neuland eyes 20% revenues from Japan

Neuland Pharmaceuticals expects the Japanese market to contribute about 20 per cent to its revenues in three years on the back of its recently formed joint venture with Japan's Cato Research.

12. India still prime destination for outsourcing: D&B

India is expected to remain the prime destination for outsourcing/offshoring, according to a new Dun & Bradstreet (D&B) study. This is not just because it is extremely competitive when it comes to salary costs, but mostly because Indian outsourcing firms have now matured into truly global companies that can offer best in class services at very competitive prices, notes the study.

13. Orissa clears Rs 1.33 lakh cr proposals in power, steel & aluminium sectors

The Orissa government on Tuesday cleared Rs 1.28 lakh crore worth of investments in sectors like power, steel and aluminium as the high-level clearance authority (HLCA) headed by chief minister Naveen Patnaik gave green signal to 15 high-value projects in one go.

14. Pharma sector sees rise in export turnover this fiscal

The Indian pharmaceutical sector reported an export turnover of \$1.5 billion in the previous financial year. It is expected to grow in the current fiscal. At present, the sector meets almost 95% of the county's needs, according to industry reports.

15. Telecom services revenue to touch \$54 b by 2012: E&Y report

India's telecom services industry revenues is projected to reach \$54 billion in 2012, as compared with \$31 billion in 2008 according to the CII Ernst & Young report titled 'India 2012: Telecom growth continues.'

16. Indian-owned firm buys German's Wehmeyer

Indian entrepreneur-promoted apparel sourcing company Techno Life style has acquired mid-market German retailer Wehmeyer for an undisclosed amount. Wehmeyer has a consolidated turnover of Rs 900 crore and 43 retail stores across Germany. It sells apparel and accessories for men and women from leading brands such as Esprit, S Oliver and Lerros besides having a portfolio of its own brands.

17. MTAR Tech to invest Rs 100 cr in aero SEZ

Hyderabad-based MTAR Technologies Private Limited will invest about Rs 100 crore in the aerospace and precision engineering special economic zone (SEZ) at Adibatla in Rangareddy district, said MTAR chairman P Ravindra Reddy.

18. RBI eases lending norms for urban co-op banks

The Reserve Bank of India (RBI) has relaxed lending norms for tier-II urban co-operative banks (UCBs), making it easier for them to lend to commercial real estate and non-banking finance firms (NBFCs).

19. 60% of mobile users in rural India by '12: E&Y

Rural India too prefers mobile phones over landlines. Of the next 250 million Indian wireless users, approximately 100 million (40%) are likely to be from rural areas, and by 2012, rural users will account for over 60% of the total telecom subscriber base, according to a report jointly released by Confederation of Indian Industries (CII) and Ernst & Young.

20. Cap on investment in infra by ports to be hiked 10 times

In order to help the major ports implement their infrastructure projects, we are planning to increase the investment a major port can make on its own by 10 times to Rs 500 crore. As of now, the ports can invest not more than Rs 50 crore from their reserves. The proposal is under consideration of the ministry and is expected to be approved soon," said a top ministry official.

21. India still prime destination for outsourcing: D&B

India is expected to remain the prime destination for outsourcing/offshoring, according to a new Dun & Bradstreet (D&B) study. This is not just because it is extremely competitive when it comes to salary costs, but mostly because Indian outsourcing firms have now matured into truly global companies that can offer best in class services at very competitive prices, notes the study.

22. India- SAARC: Partners In Trade

Since its inception, the Indo-SAARC trade has ushered in an era of mutual co-operation between India and other SAARC members. But there are ample opportunities yet to be leveraged to increase trade using the political goodwill garnered between the member nations. To look at the potential and work towards increasing trade co-operation was the theme in the conference on Indo-SAARC trade organised by The Economic Times.

23. Indo-Arab trade can touch \$100 bn

Bilateral trade relations between India and the Arab world can touch \$100 billion mark in the next two-to-four years if the current active pace continues, the Secretary General, League of Arab States, Mr Amre Moussa, said here on Tuesday.

24. Global Inc ready to do business with Mumbai

While the massacre, which killed around 200 people, has understandably led to such fears being expressed in some quarters, the view among international risk assessment companies, security experts and overseas businesses of such things happening is a resounding no.

25. US insurers eye India to cut costs

The US health insurance companies are tying up with Indian corporate hospitals for flying down patients to the country for treatment in order to cut costs. Wellpoint, the largest health insurance company in the US, and Bluecross Blueshield have joined hands with Apollo Hospitals to treat the US citizens. Wellpoint and Apollo Hospitals are set to start a pilot project next month to treat the US insurer's members in Apollo's hospitals in Delhi and Bangalore, which was approved by the Joint Commission International (JCI), the US-based hospital certifying agency.

26. Unilever to consolidate global R&D ops

As part of its global consolidation of research and development (R&D) operations, Anglo-Dutch consumer products multinational Unilever is combining R&D on foods, home and personal care (HPC) and corporate research into one research organisation. India is expected to benefit from this

integrated research programme as Hindustan Unilever's Bangalore R&D centre is among the six global centres where R&D will be consolidated.

27. Metro Cash & Carry plans tie-up with FIs to lend to customers

German wholesaler Metro Cash & Carry plans to team up with financial institutions in India to offer credit facilities to customers. It has already entered into a partnership with SKS Microfinance to roll out such a pilot initiative among kiranas in Hyderabad. The company is evaluating the possibility of scaling up this initiative across consumer segments, especially since many are feeling the heat of the economic slowdown.

28. "US firm, Punj Llyod to form nuclear fuel technology JV"

"The joint venture will work on providing thorium fuel technology for nuclear reactors, advisory services for nuclear power plants and establishing a nuclear technology investment fund in India," said Seth Grae, president and chief executive officer of Thorium Power. Grae, however, declined to reveal the quantum of investment in the JV company or the size of the proposed nuclear technology investment fund.

29. Isro to enhance capacity to meet DTH demand

With the country's top direct-to-home (DTH) players, including Dish TV and Tata Sky, planning to expand their channel portfolio, Indian Space Research Organisation (Isro) has decided to increase its satellite transponder capacity in order to provide communication service to DTH players.

30. Manipal Education buys out Antigua University

"We saw a huge potential and strategic value in the acquisition as the Caribbean serves the unmet demand for medical seats in the US. The US is estimated to have 16,800 medical seats, while there are over 60,000 students who clear MCAT annually," Mr Sudarshan added.

AUA currently has over a 1,000 students on campus; the number will go up to 2,500 after Manipal builds a new campus in the near future. The US is currently short of over 75,000 doctors, and Manipal is keen on exploiting this opportunity by focussing on the Caribbean education industry.



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1. A wounded city turns from tears to anger

The Times, Nov. 29, 2008
By Aravind Adiga*

My first assignment as a journalist in Bombay was in 2003, when I visited the home of a man accused of planting a bomb that had killed several people a few days earlier at the Gateway of India, the city's most famous landmark. The suspected terrorist lived in a typical Bombay slum, congested, with packed houses that shared walls and windows, and I spent the day quizzing the neighbours, who said they had heard and seen nothing suspicious, even though the police were sure that the man had assembled the bomb at home.

I couldn't help thinking: If the police were right, and this man had built a bomb right here, with all these people noticing nothing, how safe was anyone in the city?

That evening I went back to the Gateway - a large stone arch built near the ocean - and walked into the famous Taj Mahal Palace hotel, which stands right next door. I ordered tea at the Sea Lounge, a restaurant inside the hotel, and watched the Gateway through the glass windows. The mood inside was tranquil, relaxing; a man in a suit played Gershwin on a piano.

The anxiety generated by the day's reporting left me. Through the windows, I could see that the crowds had returned to the Gateway - taking photos, watching the ocean, lining up for boat rides. When I put my cup of tea down, a waiter quietly filled it up. Life will go on in Bombay, he seemed to be saying. After all, people in Bombay were tough. An average of ten people (or more) die here every day on the train tracks in this city: falling off the overcrowded compartments or being hit by speeding locomotives while searching for food or water. Nothing could traumatize the residents of Bombay for long.

On Thursday, I was watching the Taj Mahal hotel from the archway of a building behind it, trying to find the Sea Lounge restaurant, when a commando of the Indian army shouted at me: "You could get shot any moment." The windows of the hotel had become death traps from where bullets or shrapnel or grenades could come flying down.

The terrorists who had stormed the Taj the previous night were wandering from room to room, perhaps taking hostages along with them. They had set fire to large parts of the hotel, but I was still hoping that the lounge with the piano made to play Gershwin had been spared.

Just then there was an explosion; a plume of smoke come out of the side of the Taj, and then another from the roof. It was hopeless to pray for that piano. Though I have lived through many terror attacks in Bombay and in Delhi, it was at that moment - when the smoke began to billow out of the hotel - that I thought of another city where I lived once: I thought of the platform in Brooklyn where I stood, on my way to work in Manhattan on September 11, 2001, trying to see what had become of the World Trade Centre. It's happened again, I thought, and wanted to cry.

Though loss of life in these attacks in Bombay does not approach the levels of life lost in New York, this will almost certainly be remembered as Bombay's 9/11: the terror attack that is different from all previous terror attacks, the one that forces the city, and the nation, to change the way it lives. The nature of these attacks have forced even jaded, toughened-out Mumbaikars to take notice of what is happening: these are not the planted bombs of the city's previous encounters with terror.

This time, men with guns and grenades have invaded the city, shooting at us at will and taking many of us hostage; this is an invasion, and all of us know that though we live in India's richest and grandest city, we are entirely vulnerable. The sweep of the attacks has shocked us; at least ten places in the city were attacked with bombs or guns, including a hospital and a train station. But what has really made this particular attack personal, even for those of us who have not lost family or friends to the terrorists, is what has happened to this hotel.

When other Indians say "Taj", they mean the world-famous marble monument in Agra; when people in Bombay speak of the Taj, they mean India's grandest hotel, the Taj Mahal hotel at the Gateway of India. The middle-class can afford to have tea; richer people can dine here; and only the super-rich, or visitors from abroad, can stay in this hotel. And yet all residents of Bombay regard this hotel with an intensity of pride and affection. We love the Taj because it is, frankly speaking, better than anything else in this city.

Life in Bombay is profoundly unjust; more than half the residents live on the pavement or in the slums. Naturally we admire the fact that the Taj was founded in a fit of egalitarianism and fair play. In the 19th century, the legend goes, an Indian tycoon was refused admission into a whites-only hotel; he decided to start an hotel where a man would never be judged by the colour of his skin. In a young city where so much is transient the Taj has endured for more than a hundred years; it has the aura of antiquity in Bombay that Caesar's Forum has in Rome. In a badly planned metropolis, where so much is a disaster - the traffic, the water supply, the general infrastructure - the Taj sets a standard of excellence. Thanks to its exquisite service, rooms and food it is regarded as one of the world's great hotels; indeed, foreign visitors to Bombay seem to love the Taj at least as much as the natives do.

In a class-obsessed city, the Taj is exclusive - but never snobbish. (The other hotel that was attacked, the Trident, probably charges less for its rooms and food, but has the distinct reputation of being a rich man's hotel.) Many working-class Mumbaikars save for weeks to have a coffee at the Taj; and then they save their receipts so they can show their relatives and friends.

The hotel's interior may be reserved for the rich, but the famous exterior can be enjoyed by everyone. The palatial façade is a whimsical blend of Renaissance, Mughal and Gothic styles, and the net result is a celebration of all that's hybrid, improbable and incongruous in this world, making the Taj a perfect emblem for Bombay - the city that was dredged out of swamp and sea and populated with migrants from across the world.

In this city of dreams and cinema, this hotel creates the best-loved civic space - the plaza around Gateway of India, where you might go with your family for a Sunday promenade, or to watch the ocean, or purchase some peanuts for a quick snack. In many ways, the Taj is more like a town hall than an hotel. And to see it burning and wounded and charred and vandalized like this is like seeing St Paul's attacked during the Blitz.



The terrorists will not destroy the Taj. People in Bombay are already wondering if it will take six months or a year for the hotel to reopen: it is only a question of when, not if. That is the Bombay spirit, indomitable, and the city will bounce back.

But to forget what has been done to the Taj will be to do it a disservice. Before it is returned to its glory, this ravaged and violated building, which has fed, entertained and hosted residents of Bombay for more than a hundred years, has one last duty to perform for this city.

The failure of the rulers of Bombay and India to anticipate or prevent this terror attack has been complete. We should applaud the bravery of the police, firefighters and soldiers who have fought the terrorists so valiantly - but we should hold their bosses, the politicians, to account. The city of Bombay is run by the Shiv Sena, a group of xenophobic Hindu nationalists who have let the city's infrastructure go to seed, while deepening the divisions between its various religious communities. The Government in Delhi has given the impression, for over four years now, of being clueless on how to tackle the growing problem of terrorism within India. The main opposition party, the Hindu nationalists, look determined to make matters worse if they seize power in the next elections.

This system is not working for Bombay or India. This attack was not inevitable, it was not unpreventable. Every blackened scar, every charred roof, every smashed window in the façade of the Taj Mahal Palace screams to the onlookers of Bombay: "You must find better men and women to lead this city: to lead this country. You must not let this happen to me again."

* The White Tiger by Aravind Adiga won the Man Booker Prize 2008

2. Mumbai attacks' impact on investors limited

2 Dec 2008, REUTERS

LONDON: Foreign investors may further dump Indian assets after the Mumbai attacks and worry over tension with Pakistan, but the impact will be limited and Western firms facing recession at home remain keen to tap the subcontinent's growth.

Two hotels heavily used by foreign businessmen were at the centre of last week's attack in which 10 terrorists killed more than 180 people.

Indian stock markets had already been down more than 60 percent so far this year, part of a global sell-off that has seen emerging markets suffer even worse than their developed counterparts as investors dumped perceived risk and lenders called in debts.

Foreigners have sold \$13.7 billion of Indian shares this year, and were said to be amongst the biggest sellers on Monday when Bombay's main share index fell 2.78 percent.

The rupee fell towards an all-time low both on the attacks and worsening global and local economic statistics, including falling vehicle sales and exports.

"It seems unlikely that the terrorist attacks will have much of an impact on the Indian economy" said senior currency strategist Win Thin at Brown Brothers Harriman in New York in a research note. "However, it will certainly sour investor sentiment at a time when it was already poor. And the attacks come at a time when the economy is slowing and is the most vulnerable it has been in years."

India's lending market seized up in October as global credit market turmoil hit bank lending, and a 150 basis point rate cut and the release of billions of dollars into the financial system by the central bank

has not been enough to stem the slowdown.

Data on Friday showed the economy expanded 7.6 percent in the September quarter, well below the 9 percent seen in all of 2007/8 but well above developed economies most of which are seen already in recession.

India's state-dominated banking sector is seen better protected than most from the global crisis, and with the economy more focused on domestic demand and less on exports than fellow Asian powerhouse China some still see it as one of the most attractive emerging markets.

3. No slowdown seen in banks' ATM network expansion plan

The Economic Times, Nov. 26, 2008

Mumbai: The Reserve Bank of India's (RBI) plan to make ATM usage free from April 2009 is well on track, if business at India's largest ATM machine manufacturer is anything to go by.

A senior official of NCR Corporation says that his firm has not seen any significant slowdown in sales compared with large banks recently. Fears of impending recession and resistance from some banks to co-operate with RBI's plan had led to market speculation that ATM penetration would hit a plateau in the coming months.

"We have not seen any significant drop in demand from banks for ATM machines," said NCR Corporation India MD India area Pradeep Sen on the sidelines of a press conference.

"Embracing technology is perhaps the best way to acquire new customers for banks, especially since there is still demand for cost-efficient solutions in the market," he added. However, he warns that if the demand drastically slips from here, things can worsen any moment.

Last year, large banks had opposed RBI's proposal to phase out all ATM fees by April 2009 saying that they had made huge investment to build the network, and the proposal would effectively hand over this platform for free to other banks. But banks slowly appear to be falling in line with RBI diktat and sticking on to their aggressive ATM penetration targets, at least, as of now.

HDFC Bank country head of retail liabilities Rahul N Bhagat said that his bank had not cut down on targets for either banks or ATMs in the coming months. At a recent press meet, a SBI official, too, had hinted that the bank would stick on to its target of increasing ATMs from the existing 7,200 to 25,000 within three years. Four banks — SBI, ICICI Bank, HDFC Bank and Axis Bank — make up for more than 60% of the 35,000-ATMs in India.

Mr Sen said the ATM sharing proposal should not stop from banks from setting up their own ATMs. He points out that banks would have to pay fees for using somebody else's services. Besides the all important brand visibility is at stake when you allow a customer to visit a competitor's ATM. "There's a trade off between the costs of setting up a ATM and these two factors," he said.

Market experts point out that ATM is one of the easiest ways by which banks can contribute to financial inclusion (59% of rural India does not have financial assistance). When costs of setting up a branch are high and prospects of business are uncertain, banks would do best to make use of technology like ATMs, they suggest.

4. October adds highest ever mobile subscribers at 10.42 million

The Financial Express, Nov. 25, 2008

New Delhi: During these times of cutbacks there's one thing which Indians are buying in abundance—mobile connections. During the month of October the country added the highest-ever addition to the



mobile subscriber base at 10.42 million taking the total number of mobile users to over 325 million, according to the data released by the Telecom Regulatory Authority of India (Trai). India already has the distinction of being the world's fastest growing telecom market.

During the month of September, the total (GSM, CDMA and WLL) addition was of 10.07 million.

However, the net addition of about 10.29 million users (wireline and wireless) during the month, could have been higher but for the decline in the landline user base. The landline wireline segment saw the subscriber base falling to 38.22 million in October from 38.35 million in September. During September the net addition stood at 9.79 million. The total number of both wireless and wireline users now stand at 363.95 million, Trai said.

With this, the overall tele-density stood at 31.50% at the end of October against 30.64% in September. The total broadband subscriber base rose to 5.05 million by the end of October 2008 from 4.90 million in September.

In terms of break-up of the mobile subscriber figures, during October the GSM players added their highest-ever addition of around 8 million taking their user base to 242 million. Projections are that by the year end the total GSM user base would stand at 250 million.

Commenting on the record growth, TV Ramachandran, director general, Cellular Operators Association of India had earlier said, "the ongoing, vibrant growth of the GSM sector that with the cumulative GSM subscribers already at an estimated 242 million in October, it is clear that the GSM sector would by itself cross the historic 250 million milestone by December 2008."

Bharti Airtel, the country's largest telecom operator added its highest-ever 2.7 million customers during October, which is a 3.51% growth compared to the month of September. The world's third largest in-country operator has a market share of 33.23%. It added the largest number of operators in the Rajasthan circle, adding a 350,000 subscribers during the month.

Vodafone Essar, the country's second largest GSM operator with a market share of 23.49% added around 2 million customers in the month registering a growth rate of 3.81%. The company recorded a highest addition of around 266,000 subscribers in Eastern UP circle.

The state-owned BSNL, the country's second largest telecom player with about 670,000 users, during the period registered a growth of 1.71% over the previous month. The telco has a market share of 16.5% in the GSM subscribers. Among the CDMA operators, Reliance Communications, which is the largest operator in the segment, added 1.7 million subscribers.

Fast dialling

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- The total broadband subscriber base rose to 5.05 million by the end of October 2008 from 4.90 million in September.

5. Punjab contributes record 90% rice to national pool

The Financial Express, Nov. 25, 2008

New Delhi: Though Punjab has not been included among the states that are allocated funds under the National Food Security Mission for transplantation of paddy, but the state has contributed record 90% of rice to the Central pool during the current paddy season.

While the Union government had included 13 districts of Punjab for improving the farming practices pertaining to wheat under the mission, it had not included the state in the mission programme meant for rice.

Sources in the Punjab chief minister's office told FE that the CM Parkash Singh Badal would take up the issue with union agriculture minister Sharad Pawar to include Punjab in the mission scheme meant for rice.

Enquiries reveal that by far all procurement agencies in Punjab had procured a record 129 lakh tonne of paddy of which more than 92 % had been procured by the government agencies. Agency wise data reveals that PUNGRAIN had procured 35,62,595 tonne of paddy (29.9%), MARKFED 27,40,059 tonne (23.0%), PUNSUP 26,82,091 tonne (22.5 %), the Punjab State Warehousing Corporation 14,84,393 tonne (12.4% and Punjab Agro Corporation had procured 12,52,773 tonne of paddy which was 10.5% of total procurement.

The Food Corporation of India had procured just 2,05,469 tonne of paddy which was a meagre 1.7% of total procurement from the state.

The millers had procured 10,04,834 tonne of paddy or 7.8 %. Ludhiana district had maintained its lead in paddy procurement by procuring 16,06,013 tonne, followed by Sangrur(14,73,048 tonne), Ferozepur(12,06,238 tonne), Moga(11,38,671 tonne)and Patiala (11,27,160 tonne).

Adesh Pratap Singh, food and supplies minister, Punjab when contacted told FE that by far a sum of Rs 10,130.75 crore had been paid to farmers while bonus of Rs 50 per tonne announced by the Centre was being credited to the bank accounts of farmers.

He informed that the Punjab Food Supply had set up 1,622 procurement centres throughout the state to ensure smooth procurement of paddy.

6. IITians' contribution to economy is Rs 20 lakh crore: Study

The Times of India, Nov. 25, 2008

Chennai: Every one rupee invested in an IIT has had an economic impact of Rs 15 and each IIT graduate meant 100 new jobs, says a study commissioned by an umbrella organisation of IIT alumni.

Raging debates over the contribution made by the IITians on whom the government has invested millions of rupees over the past over five decades could well be settled if the findings of the study by PanIIT are any indication.

The interim report of the IIT Alumni Impact Study 2008 says nearly 200,000 alumni of the country's premier technical institutions "have been associated with Rs 20 lakh crore of incremental economic value creation" across industry, government and entrepreneurial activity over the past five decades.

The IITians have also been involved in the creation of 20 million new jobs, which roughly translates into one IITian creating 100 jobs, says the study.

Zinnov Management Consulting, a private consultancy firm, which undertook the survey, arrived at this estimation by extrapolating the figures submitted by 4,573 alumni who have till date participated in the web-based survey, according to Rajan Srikanth, the coordinator for the IIT Alumni Impact Study.

""Assuming that the government has invested between Rs 20,000 crore and 40,000 crore into the IITs during the last 58 years, based on the findings of this survey we could say that every one rupee invested in the IIT has led to an economic impact of Rs 15," argued B Santhanam, chairman PanIIT 2008 and managing director, Saint Gobain. PanIIT is the umbrella organization of the seven IIT alumni foundations.



The study was launched to take stock of contributions made by the IITians across professions and geographies since the first batch graduated out of IIT Kharagpur in 1956.

"The initial analysis reveals that among the IITians who had graduated before 2001, four out of 10 are in top leadership roles in corporations, educational institutions, research labs, NGOs, governmental agencies, politics and as entrepreneurial heads. Seven out of 10 are currently based in India with two out of 10 being returnees after careers abroad," said Santhanam. The IITians in senior positions in the industry and government across the world have an annual budgetary responsibility of over Rs 40 lakh crore.

Another fact that has emerged, according to Zinnov CEO Pari Natarajan, is that 54% of the top 500 Indian companies currently have at least one IIT alumnus on their board of directors. "These companies have cumulative revenue that is 10 times greater than that of the other companies on the list," he said.

The complete report documenting the details of the survey findings will be unveiled during the PanIIT conference to be held at the IIT Madras from December 19 to 21.

7. Healthcare gets \$450 mn from PE funds this year

Business Standard, Nov. 2008

New Delhi: Private equity funds are increasing their investments in Indian healthcare space despite the global credit crunch and turmoil in the stock markets, according to a study.

Funds such as ICICI Ventures, IFC, Ashmore and Apax Partners have invested about \$450 million (about Rs 2,250 crore) in the first six months of the current financial year compared with \$125 million (approximately Rs 675 crore) in the same period a year ago, said an analysis carried out by Feedback Ventures. The rise in investments is over three fold, the infrastructure consultancy said.

Additionally, the average deal size in the healthcare sector has doubled to \$20 million in the period compared with \$10 million a year earlier, the analysis showed.

According to Monika Sood, president (infrastructure advisory division), Feedback Ventures, continuing flow of investments into the healthcare sector is an indication of its recession-proof nature. "Demand-supply gap and possibilities of attractive financial returns make the healthcare sector attractive for PE funds," she said.

Habil Khorakiwala, chairman of Wockhardt Hospitals, agrees on the "recession-proof nature" of the healthcare sector. His group is investing Rs 1,000 crore to increase the cumulative bed strength of the hospital chain to 4,000. Currently, Wockhardt has 15 hospitals with a combined bed capacity of about 1,500. Wockhardt is in talks with PE firms to fund its expansion plans.

Feedback Ventures expects PE funds to invest at least \$1 billion in the healthcare sector in the next five years.

"Operating profit margin of 20-25 per cent is achievable in the Indian healthcare sector," Sood added.

8. Union Cabinet nod to fresh India-UAE air services pact

Business Standard, Nov. 28, 2008

New Delhi: In order to spur trade, investment, tourism and cultural exchange between India and the United Arab Emirates (UAE), the government today gave its approval for the signing of a revised air services agreement between the two countries.

This agreement, according to an official statement, will supersede the existing Air Services Agreement (ASA) signed between the two countries on March 21, 1989. The present ASA is based on the modern International Civil Aviation Organisation (ICAO) template, the statement added.

The Union Cabinet also gave its approval for the signing of memorandum of cooperation between India and the League of Arab States on the establishment of an India-Arab Cooperation Forum.

This, according to an official statement issued today, would lead to enhanced friendship and relations between India and the Arab world.

The Cabinet also gave its approval to move a resolution by the Minister of Railways in both the houses of Parliament for adoption of the of the Railway Convention Committee (2004)'s ninth report.

"This would enable the Ministry of Railways to implement the said recommendations of the Railway Convention Committee," the statement said.

The Cabinet Committee on Economic Affairs (CCEA), to meet the demands of the pit head power station of Andhra Pradesh Power Generation Corporation (APGENCO) and other units, gave its approval to the Kakatiya Longwall project of Singareni Collieries company located in the Warangal district of Andhra Pradesh.

This project will have a net capital requirement of Rs 453.63 crore and a total capital outlay of Rs 620.03 crore, an official statement issued after the CCEA meeting today said.

The CCEA has also given its approval for flexibility in the implementation stage within the approved cost estimates to respond to improvements in technology and equipments that would result in improved profitability and productivity.

"The 2.747 Mty of coal produced would meet the demand of pit head power station of APGENCO and other units," the statement said.

9. Bhel plans acquisition of transmission cos

Business Standard, Nov. 28, 2008

Mumbai: Bharat Heavy Electricals (Bhel) plans to acquire companies in the non-conventional energy and transmission business to more than double its turnover to Rs 50,000 crore in the next five years.

"Our future growth in new identified business areas such as non-conventional energy and transmission will be mainly through the inorganic route. We are looking at opportunities in India and abroad," according to K Ravi Kumar, Chairman and Managing Director.

"We have adequate cash to meet acquisitions and expansions for the next few years," he said. Separately, the company is holding talks with two Japanese companies for technical or strategic partnership to foray into solar power. The company is planning an integrated facility in West Bengal with an investment of about Rs 3,000 crore. The facility will manufacture polycrystalline silicon (polysilicon) ingots, solar wafers, solar cells, modules and solar panel systems. Bhel may also rope in Bangalore-based Bharat Electronics as a strategic partner in the venture.

Public sector company Bhel is currently facing increased competition in the domestic market from overseas players and is also looking at expansion across various developing countries.

"Currently, we get only about 7 per cent of our revenues from abroad and hope to increase this share to 10 per cent within a few years. We are also looking at acquiring transformer manufacturing facilities in countries such as Egypt and Myanmar, since our capacities here are full," said Ravi Kumar.



He said the company is also in talks with a major Japanese player for technology tie-up to foray into the transmission equipment business. A brownfield facility is being planned at Bhopal in Madhya Pradesh for foraying into transmission equipment.

In the wind energy segment, the company is already supplying alternators for GE, he said. Ravikumar said the proposed forgings and casting facility for nuclear power equipment would come up at either Vishakhapatnam in Andhra Pradesh or Mundra in Gujarat, with an investment of Rs 1,000-2,000 crore.

The company is in talks with Japan's Kobe Steel, Sheffield Forge Masters and home-grown Bharat Forge for setting up the facility in a joint venture or strategic tie-up.

"We hope to finalise the partner by March and will then approach the respective state governments," he said.

The company currently has an order book of Rs 1,15,000 crore, with about 40,000 MW orders placed for the 11th five-year plan period. He said the company is expected to grow by 30 per cent during the current financial year, contrary to the earlier projection of about 25 per cent. Bhel had a turnover of Rs 21,400 crore during the last financial year, with a growth of 14.2 per cent.

10. Bhel to set up Rs 8,700-cr power plant in Tamil Nadu

The Financial Express, Nov. 27, 2008

Chennai: Tamil Nadu Electricity Board (TNEB) has entered into a joint venture agreement with Bharat Heavy Electricals Ltd (BHEL) on Wednesday to set up a 2 X 800 mw thermal power plant at Udangudi in Tuticorin district of Tamil Nadu with an estimated investment of Rs 8,700 crore. The agreement was signed in the presence of Chief Minister M Karunanidhi by chairmen of both TNEB and Bhel. A special purpose vehicle (SPV) called Udangudi Power Corporation Ltd has been floated to execute this project.

The project, coming up in 760 acres, will have equity investors other than TNEB, and Bhel. Institutions such as Rural Electrification Corporation (REC), Power Trading Corporation (PTC) among and a host of others are expected to invest in this project, said sources here. While BHEL will provide the entire equipment, the state electricity board will execute and run this project, government sources added.

It may be recalled that the state government has given its approval to conduct a project report in February this year. Currently the state government is involved in putting up basic infrastructure and has already completed marine bore hole study in this area. The state government has completed the environmental aspects of the project and has prepared a report in this regard.

Meanwhile, the consultants have submitted the feasibility report for the project and they are expected to submit a detailed project report for the project soon. Since the project will use coal as feedstock, the state government is proposing to set up a facility to import coal from abroad. In this regard, the state government has appointed Indian Institute of Technology, Madras to analyse the pros and cons of the proposed facility.

According to sources, while both TNEB and Bhel would be the major stakeholders, with others like REC and PTC chipping in funds for minority stakes, the remaining funds would be raised through debt from financial institutions. The first phase of the project is expected to go on stream by March 2012 and the second phase by September 2012.

11. Neuland eyes 20% revenues from Japan

Business Standard, Nov. 27, 2008

Chennai/Hyderabad: Neuland Pharmaceuticals expects the Japanese market to contribute about 20 per cent to its revenues in three years on the back of its recently formed joint venture with Japan's Cato Research.

The JV – Cato Research Neuland India Limited – will work with healthcare companies for producing quality drugs using cost effective resources located in India. While Cato will share technology know-how, the Hyderabad-based company will be involved in administration and operation.

Neuland chief operating officer D Sucheth Rao said the active pharmaceutical ingredient (API) manufacturer would focus mainly on cardiovascular, central nervous system disorders and anti-infectives segments for generating new revenue channels for the Asia-Pacific region.

For the quarter ended September 30, 2008, Neuland revenues increased 62 per cent at Rs 80.08 crore from Rs 49.31 crore in the corresponding quarter a year ago.

Apart from API and drug discovery development services like contract research and clinical research, Neuland is planning to enter support services like formulation development, preclinical research and bioanalytical studies. "We will work with companies there to take early stage products up to commercial production," Rao said.

The company is also seeing a big opportunity in medicinal chemistry and custom synthesis services. It recently inaugurated a 40,000 sft research and development centre and doubled its annual production capacity to 2,000 tonne. It is now planning to acquire 50-100 acre for augmenting its facilities.

Contract research, which is growing at around 25 per cent a year, will be the main driver of growth. Neuland has about 40 clients in this segment.

Rao said they would also go for acquisition but the company has not set any time line for this. Neuland has so far filed 300 drug master files (DMFs) for North America, Europe and Japan.

12. India still prime destination for outsourcing: D&B

Business Standard, Nov. 26, 2008

Mumbai: India is expected to remain the prime destination for outsourcing/offshoring, according to a new Dun & Bradstreet (D&B) study. This is not just because it is extremely competitive when it comes to salary costs, but mostly because Indian outsourcing firms have now matured into truly global companies that can offer best in class services at very competitive prices, notes the study.

The fourth edition of D&B's 'India's Top ITeS and BPO Companies 2008', compares India with leading outsourcing destinations like China, the Philippines, Mexico, Malaysia, Brazil, Czech Republic and Chile. It indicates that India's ITeS industry still hold a cost advantage, banking on low wage and salary cost, states the report. India has the second lowest ITeS/BPO salary base of about \$7,500-8,500, just little above China's base of \$7,000-8,000.

The Philippines, on the other hand, has an average salary of \$9,000-10,000. Besides, it has the added advantage of a large pool of ever-increasing technical graduates.

The other positive for India is one of the largest producers of English-speaking graduates, including engineers and management graduates.

A high number of such graduates mean that companies can offer higher value-added services to clients.



Manoj Vaish, President & CEO – India, Dun & Bradstreet said: “While the ITeS-BPO industry is bound to be impacted by the financial crisis, firms have taken measures to mitigate some of that risk. The industry has started providing services to a wider set of verticals, thus reducing their exposure to any one vertical. For instance, the BFSI sector’s share of the overall pie of services offered by the surveyed ITeS-BPO companies dropped to 28 per cent in FY08 from 31 per cent in FY07. This trend is set to continue.”

The study also highlights that ITeS and the BPO segment continues to hire in large numbers. Overall, 177 companies have a total of 4,42,349 employees and covers 63 per cent of the total employee base of Indian ITeS and BPO sector of 7,00,000 (involved in BPO exports), as per the NASSCOM estimate.

The profiled companies registered a y-o-y growth of about 23 per cent in terms of total employees base. The revenue per employee of the respondent companies was approximately Rs 600,000. In FY08, the Indian ITeS and BPO companies’ client portfolio included around 26 per cent domestic clients and around 74 per cent international clients.

Vaish further added: “While conventional BPO services continue to form a majority of the total services offered by the surveyed companies, this year’s study has seen conventional BPO services drop by almost 10 per cent from last year. On the other hand, service lines such as KPO, LPO, EPO and eLearning have increased its share considerably. Margins are substantially higher in these services and with companies keen to diversify, revenues from these services are bound to increase.”

13. Orissa clears Rs 1.33 lakh cr proposals in power, steel & aluminium sectors

The Financial Express, Nov. 26, 2008

The Orissa government on Tuesday cleared Rs 1.28 lakh crore worth of investments in sectors like power, steel and aluminium as the high-level clearance authority (HLCA) headed by chief minister Naveen Patnaik gave green signal to 15 high-value projects in one go.

HLCA cleared National Aluminium Company Ltd's Rs 16,345.89-crore aluminium complex, Navyug Steel Ltd's Rs 34,000-crore project, Astaranga Power Company's Rs 11,200-crore project, RSB Metal Technology's Rs 6,800-crore alumina project, besides the projects of NTPC, Bhusan Power, JSW, Welspun, JSL, Kalinga Energy and Arati Steel.

State steel & mines minister Pradip Amat said Hyderabad-based Navyug Steel Ltd has proposed to set up a 12 mtpa steel complex in four phases at an investment of Rs 34,000 crore in Astaranga over 4000 acres.

Amat said the land requirement of the company would be assessed according to the bench mark report after the company submits the detailed project report.

Astaranga Power Company's 2600mw thermal power project on 2500 acres would draw its water from the Devi River.

Nalco plans to set up a 0.50mtpa aluminium smelter plant and a 1260mw captive plant in two phases. The company would set up 840mw captive plant in the first phase and 420mw in the second phase. The company requires 275.330 hectares for the smelter plant and 575.700 hectares for the power plant.

Lanco Solar Private Ltd's proposal to set up a Rs 2800-crore integrated plant for manufacturing solar cells, modules and crystalline silicon at Padmalayapur in Dhenkanal district was also cleared. The plant will help in earning foreign exchange and generating employment opportunities.

RSB Metal Technology's wants to set up an alumina refinery of 1.40mtpa and 0.40mtpa of special grade alumina in two phases at Rayagada, a smelter plant of 3.50mtpa, besides a 900mw captive plant with equal capacity and down stream facilities in Dhenkanal.

Bhushan Power & Steel Ltd has proposed to set up 11 downstream industrial units at Thelkoi in Jharsuguda at an investment of Rs 1953.87 crore. The downstream industries include sponge iron, liquid steel, cement and cold rolling mill.

The 7mtpa iron ore beneficiation plant and 5mtpa pelletisation plant proposed to be set up by JSW Steel Ltd in the Sundergarh district at a cost of Rs 1450 crore over 150 acres was also cleared by the authority.

Well Spun Power and Steel Ltd's proposal to set up a 4.50 mtpa iron ore beneficiation plant at Nayagarha in the Keonjhar district and 4.40mtpa pelletisation plant at Dhamra at an estimated project cost of Rs 1963 crore were finalised at the meeting. While the company sought 450.16 acres for the iron ore plant, it asked for 213.19 acres for the pelletisation plant at Dhamra.

Amat said Jindal Stainless Ltd would set up an independent power project at Gajamara in Dhenkanal at a cost of Rs 4090 crore.

NTPC's proposal to invest Rs 19840 crore for a 3200mw coal-based mega power plant at Gajamara in Dhenkanal on 3000 acres was also cleared by HLCA.

The authority approved Kalinga Energy's proposal to set up a 1000mw thermal project at Babudhakuli with an investment of Rs 4261.27 crore.

Other projects cleared include Arati Steel's proposal to invest Rs 2065 crore in a 500mw thermal plant at Ghantikhal in Cuttack and Chambal Infrastructure & Venture Ltd's proposal to set up a 1200mw captive thermal project at Siera in Dhenkanal with Rs 4994.03 crore.

14. Pharma sector sees rise in export turnover this fiscal

The Financial Express, Dez. 02, 2008

Kolkata: The Indian pharmaceutical sector reported an export turnover of \$1.5 billion in the previous financial year. It is expected to grow in the current fiscal. At present, the sector meets almost 95% of the county's needs, according to industry reports.

"The exports turnover of the Indian pharmaceutical market is expected to grow in the coming years, but exactly how much we do not know," said Soumitra Deb, chief research manager, East India Pharmaceutical Works Ltd. He was talking to reporters here on Monday on the sidelines of a seminar on the role of intellectual property rights (IPR) in the pharmaceutical industry. The Kolkata patent office and the Indian Chemical Council organised the seminar.

Deb also spoke about how the foreign companies had monopolised and dominated the Indian drug market till 1980s-90s.

SK Mitra, assistant controller of patents & designs, ministry of commerce & industry, govt of India, said 32,000 patent applications were received across four patent offices in the country during 2007.

In the same year, 15,000 patents were granted on different technologies. "Granting of patents is increasing every year. Patents are received for sectors like telecommunications, textiles, biotechnology, mechanical, pharmaceutical, etc," he said.

When asked about the pharma sector, he said, "Of 15,000 patens granted last year, around 15% belong to the pharma sector."



AC Banerjee, corporate advisor--research & development, East India Pharmaceutical Works Ltd, said: "Innovations and inventions in this sector must be protected as intellectual property right."

IPR has become important in the face of changing trade environment that is characterised by the features like global competition, high innovation risks, short product cycle and high investments in research & development, said Sharmistha Ghosh, examiner of patents and designs, Kolkata patent office.

15. Telecom services revenue to touch \$54 b by 2012: E&Y report

The Hindu Business Line, Dez. 01, 2008

New Delhi: India's telecom services industry revenues is projected to reach \$54 billion in 2012, as compared with \$31 billion in 2008 according to the CII Ernst & Young report titled 'India 2012: Telecom growth continues.'

Mr Prashant Singhal, Telecom Industry Leader, Ernst & Young India, said, "The telecom sector has witnessed exponential growth in the past decade. However, the global economic scenario is expected to have a low to medium impact on the overall telecom industry. Despite this scenario, the interest shown by global telecom operators in the domestic market has been very encouraging."

He further added, "Going forward, rural telephony, 3G, WiMax and data services will drive sector growth in 2012. The industry will witness sustained growth in mobile services and data revenues. Network expansion will continue in order to support the rural growth. It is imperative for the government to revisit high levies on the telecom sector and lay down a clear roadmap for future spectrum allocation. A positive and pro-active approach from all stakeholders in defining the future course of the sector will ensure a positive outlook for 2012."

Subscriber base to grow

Findings from the report indicate that the total telecom subscriber base is expected to reach approximately 690-700 million by 2012 to include about 640-650 million wireless users and approximately 45-50 million fixed line users.

This is going to be primarily driven by a rise in communications demand from semi urban and rural India.

Circle B and Circle C would experience the highest growth and would contribute to about 60 per cent of the total mobile subscribers.

"That said the availability of adequate spectrum could remain a hurdle for wireless growth. The telecom sector will witness another round of Mergers & Acquisitions (M&A). As new operators roll-out networks, there could be 10-12 operators in each circle. However, by end of 2012, industry consolidation will result in about five to seven large operators," it said.

3G & WiMax

The report emphasises that the launch of 3G and WiMax services will drive the data revolution. In 2012, 3G services will have just begun to spread in India and mobile entertainment and mobile banking are likely to be the biggest drivers for data services. 3G and WiMax services are expected to gain popularity initially in the top 20 cities and gradually penetrate to the rest of the country. By 2012, India would have about 25-30 million 3G subscribers and 3G revenues would reach around \$4-5 billion by 2012. WiMax, on the other hand, could attract about 8-10 million subscribers and could account for about \$1-1.5 billion by 2012.

16. Indian-owned firm buys German's Wehmeyer

The Hindu Business Line, Dez. 01, 2008

New Delhi: Indian entrepreneur-promoted apparel sourcing company Techno Life style has acquired mid-market German retailer Wehmeyer for an undisclosed amount.

Wehmeyer has a consolidated turnover of Rs 900 crore and 43 retail stores across Germany.

It sells apparel and accessories for men and women from leading brands such as Esprit, S Oliver and Lerros besides having a portfolio of its own brands.

A sister concern of Germany's erstwhile leaders in the apparel space, Karstadt (whose parent Arcandor owns travel group Thomas Cook), Wehmeyer acquisition by Techno Group's Mr Rajiv Ranjan is being seen to increase its brand presence in India. Headquartered in Germany, Techno Group employs about 60 people engaged in the sourcing and supply of apparel to many leading retailers in Europe and the US, including Walmart, Metro and Kaufhof with 'private label' as its mainstay.

"The acquisition for us is a means for forward integration. We have been sourcing out of Asia for other retailers. However, this will help us in establishing a foothold in the retail industry besides cutting out on middlemen," Mr Rajive Ranjan, Managing Director Techno Group, told Business Line.

Investment

Techno Group will be investing €15 million in expanding Wehmeyer's footprints across Germany and improving operational efficiencies.

He said the acquisition has given the company a total of a million square feet of retail space in Germany.

"We hope to break even in the first year of our operation itself," he said, adding that the company will considerably increase its sourcing from the Indian subcontinent.

Techno Group currently sources fabric and accessories from Asian countries which include China, Bangladesh, India, Vietnam and Sri Lanka.

"We will be sourcing directly from the factories in India as it will help in promoting private labels in our outlets," Mr Ranjan said. Techno group is also mulling to bring the brand in India by 2010.

17. MTAR Tech to invest Rs 100 cr in aero SEZ

Business Standard, Dez. 01, 2008

Chennai/Hyderabad: Hyderabad-based MTAR Technologies Private Limited will invest about Rs 100 crore in the aerospace and precision engineering special economic zone (SEZ) at Adibhatla in Rangareddy district, said MTAR chairman P Ravindra Reddy.

The SEZ, which is coming up on 280 acre, is the first of kind and is likely to begin operations in one-and-a-half years. Tata, TVS and about 50 local industries have proposed to set up their units here.

Speaking to the media, Reddy said the company would depend on internal sources for funding the project. "MTAR is modernising and expanding its facilities to cater to the global markets in space, nuclear and defence segments," he added.

MTAR is a major supplier of sophisticated equipment to nuclear power stations in the country. The company has supplied Vikas and cryogenic engines to space launch vehicles (PSLV/GSLV), satellite components and modules to the Indian Space Research Organisation (Isro).



On Friday, MTAR delivered a 7m diameter stainless steel grid plate, a critical component in a nuclear reactor, to Atomic Energy Commission chairman Anil Kakodkar. This will be installed in the prototype fast breeder reactor (PFBR) at Kalpakkam in Tamil Nadu. The order from the Nuclear Power Corporation of India Limited is valued at Rs 30 crore.

The Blackstone Group had invested \$65 million (Rs 255 crore) in MTAR for a 26 per cent stake a year ago. MTAR expects to register a turnover of Rs 200 crore this year and Rs 500 crore in three years.

18. RBI eases lending norms for urban co-op banks

Business Standard, Dez. 02, 2008

Mumbai: The Reserve Bank of India (RBI) has relaxed lending norms for tier-II urban co-operative banks (UCBs), making it easier for them to lend to commercial real estate and non-banking finance firms (NBFCs).

The central bank has rationalised and reduced the standard asset provisioning requirements for tier-II UCBs from 1 to 2 per cent earlier to 0.40 per cent across sectors. It has also slashed risk weights on lending to various sectors.

The provisioning norm in case of direct advances to agriculture and SME sectors, however, is kept unchanged at 0.25 per cent.

According to a central bank circular today, loans and advances to commercial real estate will now attract a risk weight of 100 per cent as against the earlier 150 per cent.

The banking sector regulator has allowed UCBs to fund only asset-financing NBFCs and the risk weight on exposure to such companies remains unchanged at 100 per cent.

For tier-I UCBs, the general provision norms on all their standard assets have been kept unchanged at 0.25 per cent.

On November 15, RBI had reduced the standard asset provisioning requirements of banks lending to NBFCs to 0.40 per cent from 2 per cent, except in the case of direct advances to agriculture and SME sectors, where the provisioning requirement remains at 0.25 per cent.

Similarly, the central bank had also reduced banks' risk provisioning for commercial real estate loans to 100 per cent from 150 per cent.

19. 60% of mobile users in rural India by '12: E&Y

The Economic Times, Dez. 02, 2008

New Delhi: Rural India too prefers mobile phones over landlines. Of the next 250 million Indian wireless users, approximately 100 million (40%) are likely to be from rural areas, and by 2012, rural users will account for over 60% of the total telecom subscriber base, according to a report jointly released by Confederation of Indian Industries (CII) and Ernst & Young.

As per Trai figures, subscriber additions in rural areas exceeded additions in the metros. In the first nine months of 2008, the four metros together added 10.3 million subscribers, while the rural areas added over 11.3 million.

Mobile phones in rural India also grew by close to 13.72% to reach 70.83 million in the quarter-ending June 2008.

This is expected to continue till 2012, according to the CII and Ernst and Young analysis. "The majority of new wireless subscribers will emerge from circle B and circle C," said Ernst & Young telecom analyst, Prashant Singhal.

While the overall teledensity in India is over 30%, in rural areas the figure languishes in single digits. CII predicts the number of subscriber addition in rural areas to exceed the additions in metros by 2012 with about 120 million new users expected to adopt wireless telephony in rural areas compared to about 62 million in the metros.

With over 300 million mobile subscribers, India is the second largest market, after China, in terms of subscribers. By 2012, the total telecom subscriber base is expected to shoot up to include about 700 million subscribers, of which about 650 million will be wireless users.

20. Cap on investment in infra by ports to be hiked 10 times

The Financial Express, Dez. 02, 2008

New Delhi: Aiming at the speedy implementation of the UPA government's flagship programme for ports and shipping sector-National Maritime Development Programme (NMDP) worth around

Rs 55,000 crore-the ministry of shipping plans to hike the cap on new infrastructure investments that major ports can make from their own reserves.

"In order to help the major ports implement their infrastructure projects, we are planning to increase the investment a major port can make on its own by 10 times to Rs 500 crore. As of now, the ports can invest not more than Rs 50 crore from their reserves. The proposal is under consideration of the ministry and is expected to be approved soon," said a top ministry official.

"The initiative, aiming at delegating more powers to the ports to take up their infrastructure projects, will help speedy implementation of the mega ports infrastructure projects like NMDP," he added.

Welcoming the move, M Ramachandran, chairman, Cochin Port, said, "Ports have their own capital reserves. This will certainly provide the ports more freedom in using their reserves to build infrastructure, take up modernization and acquire equipments. So the ports having large reserves will certainly benefit from the plan as they will get more operational freedom. However, smaller ports will have to look up to the government to fund their infrastructure upgrade plans."

However, Neeta Ramnath from Feedback Ventures said, "The move will not make any difference as far as the speedy implementation of the projects is concerned. There are other issues like security clearance and bottlenecks in hinterland connectivity, which are delaying the projects. The government should first of all focus on this."

"Ministry of shipping needs to co-ordinate with ministry of railways and National Highways Authority of India to ensure better hinterland connectivity to develop complete logistics channel. This will have a better impact," she added.

As per the annual investment plan for the ports sector in the year 2008-09, the total investment that the sector is likely to see is worth Rs 3,660 crore. This includes mega investment by the Dredging Corporation of India and Sethusamudram Corporation at Rs 494 crore and Rs 1,581 crore, respectively.

To meet the projected traffic of 615.70 million tonnes by 2011-12 likely to be handled at major ports, it is estimated that capacity of around 800.41 million tonnes would be required. This means creation of an additional capacity of around 403 million tonne by 2011-12, compared with the present capacity of 397 million tonnes.



21. India still prime destination for outsourcing: D&B

Business Standard, Nov. 26, 2008

Mumbai: India is expected to remain the prime destination for outsourcing/offshoring, according to a new Dun & Bradstreet (D&B) study. This is not just because it is extremely competitive when it comes to salary costs, but mostly because Indian outsourcing firms have now matured into truly global companies that can offer best in class services at very competitive prices, notes the study.

The fourth edition of D&B's 'India's Top ITes and BPO Companies 2008', compares India with leading outsourcing destinations like China, the Philippines, Mexico, Malaysia, Brazil, Czech Republic and Chile. It indicates that India's ITes industry still hold a cost advantage, banking on low wage and salary cost, states the report. India has the second lowest ITes/BPO salary base of about \$7,500-8,500, just little above China's base of \$7,000-8,000.

The Philippines, on the other hand, has an average salary of \$9,000-10,000. Besides, it has the added advantage of a large pool of ever-increasing technical graduates.

The other positive for India is one of the largest producers of English-speaking graduates, including engineers and management graduates.

A high number of such graduates mean that companies can offer higher value-added services to clients.

Manoj Vaish, President & CEO – India, Dun & Bradstreet said: "While the ITes-BPO industry is bound to be impacted by the financial crisis, firms have taken measures to mitigate some of that risk. The industry has started providing services to a wider set of verticals, thus reducing their exposure to any one vertical. For instance, the BFSI sector's share of the overall pie of services offered by the surveyed ITes-BPO companies dropped to 28 per cent in FY08 from 31 per cent in FY07. This trend is set to continue."

The study also highlights that ITes and the BPO segment continues to hire in large numbers. Overall, 177 companies have a total of 4,42,349 employees and covers 63 per cent of the total employee base of Indian ITes and BPO sector of 7,00,000 (involved in BPO exports), as per the NASSCOM estimate.

The profiled companies registered a y-o-y growth of about 23 per cent in terms of total employees base. The revenue per employee of the respondent companies was approximately Rs 600,000. In FY08, the Indian ITes and BPO companies' client portfolio included around 26 per cent domestic clients and around 74 per cent international clients.

Vaish further added: "While conventional BPO services continue to form a majority of the total services offered by the surveyed companies, this year's study has seen conventional BPO services drop by almost 10 per cent from last year. On the other hand, service lines such as KPO, LPO, EPO and eLearning have increased its share considerably. Margins are substantially higher in these services and with companies keen to diversify, revenues from these services are bound to increase."

22. India- SAARC: Partners In Trade

The Economic Times, Dez. 03, 2008

Mumbai: Since its inception, the Indo-SAARC trade has ushered in an era of mutual co-operation between India and other SAARC members. But there are ample opportunities yet to be leveraged to increase trade using the political goodwill garnered between the member nations. To look at the potential and work towards increasing trade co-operation was the theme in the conference on Indo-SAARC trade organised by The Economic Times.

When moderator for the session Mr. Sanjay Chakrabarti, Partner, Ernst and Young asked, with favourable balance of trade which is to the tune of 8 billion dollars, out of which we export 10 billion

and import 2 billion, which are the segments that will help us bridge the gap, Mr. Pradip Dave, MD, Aimco Pesticides Ltd and President pointed out, "India is very strong in pharmaceuticals and agro-chemicals. In agro-chemicals we are third largest after China and USA. SAARC countries can import pharmaceuticals and agro-chemicals. We could help them and make favourable trade balances."

Mr. Prem Malik, Chairman, Bombay Textile Research Association (BTRA), Immediate Past Chairman, TEXPROCIL said, "There should be a mechanism within SAARC countries whereby they would bring part of the raw materials to India and rest they export. They cannot just say they will only export to India. Certain reforms within our whole system are required. We must be open to business with each other. In terms of commercial cost countries like Pakistan are cheaper. Borders should open up."

Mr. Sahney said, "The connotation and undertone of SAARC trade is very quasi-political in nature, especially in case of Indo-Pak trade. I feel quasi-political nature has to be removed, joint ventures should happen in sectors like sugar, fertilizer, hospitality."

Mr. G K Gupta, President, FIEO said that there should be inter-cultural and educational exchanges between SAARC countries and India. He added, "This will save lot of foreign exchange. In Bangladesh there are many garment units. Bangladesh is willing to set up Joint Ventures with Indian companies because Indian companies provide lot of employment to the people there. Bangladesh has a lot of scope."

In economic downturn the relation between the exporters and the bankers have changed to a great extent. Businessmen are looking at mitigating risks. Mr. Bhriguraj Singh, Senior vice President and Head- Trade and Supply Chain, HSBC India said, "Exporters in India are confident of buyers from SAARC countries. In the present situation we are seeing lot of requests from exporters to get letters of credit from the Indian banks. And they want to reconfirm their letters of credit. There are number of ways by which exporters can sell and forget about their risk."

In the open house discussion, in reply to the query, if India has the infrastructure to support Indo-SAARC trade, moderator for the session Sanjay Chakrabarti said, "It's a challenge India needs to face. The fact that SEZs are being set up is showing reasonable results. The government in its five-year plan talks about 500 million dollar about requirement in infrastructure. While this is a challenge, we will get there sooner or later."

A member from the audience raised a question whether there should be a middle tier SAARC competitive bidding along with our national and international competitive biddings Mr. Vikramjit S. Sahney, Executive Member, SAARC Chamber of Commerce & Industry (SCCI), President, Sungroup, India, said, "We could give some weightage to companies from SAARC countries."

23. Indo-Arab trade can touch \$100 bn

The Hindu Business Line, Dez. 03, 2008

New Delhi: Bilateral trade relations between India and the Arab world can touch \$100 billion mark in the next two-to-four years if the current active pace continues, the Secretary General, League of Arab States, Mr Amre Moussa, said here on Tuesday.

Delivering the special address at the inaugural function of the India-Arab Forum meeting, Mr Moussa said that the remarkable growth in the Indian economy as also in the Arab economies have driven a huge interest in cross-border investment.

"During 2006-07, the total trade exchange between India and Arab countries excluding oil trade reached \$30 billion from \$8.8 billion during 2000," Mr Moussa said.

The event has been jointly organised by the Ministry of External Affairs, the League of Arab States and Federation of Indian Chambers of Commerce and Industry (FICCI).



Addressing the meeting the Minister for External Affairs, Mr Pranab Mukherjee said not only did five million Indians live in the Arab world, but also pointed out that increasing the profile of the Indian community in the region is changing. "Today almost 20 per cent of Indian are professionals. Bilateral trade between India and countries of the Arab world has also increased significantly," the Minister said.

24. Global Inc ready to do business with Mumbai

The Economic Times, Dez. 03, 2008

London: Will last week's terror attacks in Mumbai push up India's geopolitical risk perception and drive away foreign investors and business travellers? Will India be clubbed with the likes of Afghanistan or Pakistan in the minds of overseas investors?

While the massacre, which killed around 200 people, has understandably led to such fears being expressed in some quarters, the view among international risk assessment companies, security experts and overseas businesses of such things happening is a resounding no.

"We don't agree with that view," says Jake Stratton of Brussels-based Control Risks Group. The group advises companies on political and security risks of doing business in various markets.

Some short-term flows into the country's stockmarkets, already under stress because of the global credit crunch, may dwindle further, but last week's attacks are unlikely to hit India's long-term risk perception or foreign investment flows - unless such attacks happen on a regular basis.

The rationale behind this thinking is clear - first, terrorism and security risks are a given across the world today. Next, given the recession in most western markets, foreign investment will still seek out India. Despite facing an economic slowdown, India remains an attractive emerging market with an economy forecast to grow nearly 7% this year, making it hard for investors to ignore.

The view among experts is that India is a large country, and given its history, there exists confidence globally in its resilience and ability to overcome such setbacks.

"We assess this (Mumbai attacks) as a fairly short-term shock. It will not actually deter business travel or strategic business intent. We have seen that as long as there is a strong business case, large MNCs don't change their investment plans. Businesses don't have knee jerk reactions to situations like this," said Mr Stratton.

But India does not have a blank cheque. "If we see it as a recurring pattern of continuous targeting of western companies, like we have seen in Pakistan or Saudi Arabia, then companies rethink their strategic plans," he added.

Rahul Roy-Chaudhury, a senior fellow at the London-based International Institute of Strategic Studies, said the government needed to "clearly demonstrate that it is taking steps to try and minimise this happening again".

"This was a catastrophic event, like 9/11. Naturally it will take time for scars to heal. I don't think foreign confidence in India as a destination will be damaged in the long run. The sense I'm getting is that people will go back, even to Mumbai," Mr Roy-Chaudhury said.

Across the board, the feeling is that the global financial crisis will continue to be the main determinant affecting investment flows to India, and not any fallout of a higher perceived security risk.

Gareth Price, head of Chatham House's Asia programme, has been tracking India and Pakistan for years. "The bigger issue is how much investment flows into India might have been affected anyway, given that there is a liquidity crisis around the world. In Pakistan, for instance, which has seen a massive deterioration in law and order in the recent past, we have seen a clear drop in business confidence and a reluctance to travel. India is nowhere near there," said Mr Price.

Countries like Turkey and Indonesia, for instance, have also had a series of attacks on hotels and against western targets. However, global business confidence in these countries has not suffered, says Mr Stratton.

“The India story is still very attractive at the moment. Again, tension between India and Pakistan is a given that we write in to our assessment. Our stress is that India-Pakistan tensions are nothing new, it has happened before. Even if the rhetoric level rises, there is an elasticity in that relationship,” he says.

Businesses, at least in the UK, believe that global confidence in India’s resilience and its ability to continue with its growth story is still high. After a high-level meeting in Downing Street on Monday, the overwhelming view among top executives of British firms was that it continued to be business as usual with India. “No one is backing off from India because of this,” said a person who attended the meeting.

Sharon Bamford, chief executive of the UK India Business Council, UK’s apex trade body for India, said if anything there is a sense of outrage at the deliberate attempt to destabilise India. “The overwhelming reaction is that we’re not going to be deterred by this... There’s a feeling of friendship. But it’s also backed up by a strong economic rationale and business case. India is still a great destination for business, the growth story is still there.”

Others say deepening strategic and economic ties between India and the US was also a factor for comfort for many in the West. “India and Pakistan were on the brink after the attacks on Parliament, but India’s growth story took off after that. In India, you always have to take the long view,” said Karan Billimoria, chairman of UKIBC and the founder of the Cobra Beer brand in the UK.

As of now, it seems that the rest of the world isn’t unduly perturbed. Until the next time, perhaps.

25. US insurers eye India to cut costs

The Economic Times, Dec. 04, 2008

New Delhi: The US health insurance companies are tying up with Indian corporate hospitals for flying down patients to the country for treatment in order to cut costs. Wellpoint, the largest health insurance company in the US, and Bluecross Blueshield have joined hands with Apollo Hospitals to treat the US citizens.

Wellpoint and Apollo Hospitals are set to start a pilot project next month to treat the US insurer’s members in Apollo’s hospitals in Delhi and Bangalore, which was approved by the Joint Commission International (JCI), the US-based hospital certifying agency.

Apollo Hospitals president (corporate development) Anil Mani said: “The pilot project will run for 6-12 months.” The Wellpoint’s website says it has around 35 million members. In other words, one in every nine Americans is affiliated with the company.

Apollo, the country’s largest hospital chain, was in discussions with Wellpoint for around two years. Mr Mani said that it has also tied up with another health insurance firm, Companion Healthcare, the South Carolina subsidiary of another leading US insurance company BlueCross Blueshield.

Similarly, Wockhardt Hospital, which tied up with Companion Healthcare last month, hopes to ink similar deals with the other US health insurers to treat the insured citizens. Wockhardt Hospitals CEO Vishal Bali said, “Wellpoint has already completed assessment of Wockhardt Hospitals. We are also in talks with few other health insurance companies and exploring the possibility of expanding our tie-up with Bluecross Blueshield to other US states.”

JCI approval is mandatory for hospitals to treat the US insured citizens. Currently, India has around 13 JCI approved hospitals. A recent Deloitte study on medical tourism estimates that 7.5 lakh Americans travelled abroad for treatment in 2007, and the number is projected to touch 6 million by 2010. India



received 4.5 lakh medical tourists in 2007. At present, the global medical tourism market is \$60 billion, said the study.

For some years, Indian hospitals have been unsuccessfully trying to tap the insured patient segment which account for 70-75% of the US market. This segment constitutes a potentially important revenue stream for Indian hospitals. The US health authorities and patients were apprehensive about getting treatment in India and other developing countries, despite a substantial reduction in premium for consumers. So far, most of the so-called medical tourist from the US are uninsured patients.

But the change in perception has come, because a large number of the US citizens have been treated in India. The US citizens are now convinced that Indian hospitals provide world-class medical facilities and the quality of Indian hospitals are approved by JCI. "A trend has been established by the two leading health insurance companies and other firms will also enter into similar arrangement," Mr Bali added.

As per industry estimates, the cost of treatment in India, including travel cost of patient and a companion, is around one-eighth the cost of treating the same disease in the US. Health insurance companies in the US are also looking at offering new products with lower premium, if patients are willing to get their treatment in Indian hospital partners.

26. Unilever to consolidate global R&D ops

The Times of India, Dec. 04, 2008

Mumbai: As part of its global consolidation of research and development (R&D) operations, Anglo-Dutch consumer products multinational Unilever is combining R&D on foods, home and personal care (HPC) and corporate research into one research organisation.

India is expected to benefit from this integrated research programme as Hindustan Unilever's Bangalore R&D centre is among the six global centres where R&D will be consolidated. According to an official release on the Unilever website: "The intention...marks a significant step forward in increasing its efficiency, simplicity and focus in R&D. Through the intended changes, Unilever will be able to deliver an integrated R&D programme, reduce overlap in activities between sites and increase the speed and impact of innovations."

A Unilever spokesperson said, "The re-shaping of Unilever R&D will mean a further building up of resources in India, including adding a further 30 or so roles. The build-up of resources will primarily be in laundry. This also means that India becomes one of six strategic R&D sites, part of the integrated global research programme--not really a matter of 'outsourcing' from India."

For research, Unilever has chosen six strategic sites--Vlaardingen (NL), Port Sunlight & Colworth (UK), Trumbull, (USA), Bangalore (India) and Shanghai (China)--as the global expertise base to deliver an integrated research programme.

For product design and deployment, Unilever has decided to consolidate activities in the Americas in Englewood Cliffs (USA), Valinhos (Brazil) and Mexico City (Mexico).

Global Laundry R&D is consolidated in Vlaardingen (NL), Port Sunlight (UK) and Mumbai (India).

The announcement is part of the 'One Unilever' programme, which builds on a review in 2006 into Unilever's science and technology capabilities led by M S Banga, president, foods and home and personal care. This follows the creation of the single category function and appointment of Genevieve Berger as chief R&D officer.

In a release, Genevieve said: "The steps we have announced today will enable us to go further in focussing our resources on creating fewer, bigger innovations, and deploying them at scale in areas where we want to win."

According to Banga, it marks the next step in the creation of a more impactful R&D function at Unilever. "Although we already have a strong innovation pipeline, these changes will enable us to drive harder than ever to increase our competitiveness in the market place," said Banga.

However, as a result of the intended changes, Unilever expects that approximately 390 full time positions will be impacted globally, resulting in a net reduction of 250 full time positions.

TOI had reported in its edition dated November 20, 2006, that India is set to play a major role in providing R&D expertise for the Anglo-Dutch consumer products giant.

Unilever owns 52.08% in the Indian subsidiary, which has come up with recent innovations such as technology in Surf Excel that reduces water consumption, and Purit water purifier, which does not require electricity.

27. Metro Cash & Carry plans tie-up with FIs to lend to customers

The Economic Times, Dec. 04, 2008

Kolkata: German wholesaler Metro Cash & Carry plans to team up with financial institutions in India to offer credit facilities to customers. It has already entered into a partnership with SKS Microfinance to roll out such a pilot initiative among kiranas in Hyderabad.

The company is evaluating the possibility of scaling up this initiative across consumer segments, especially since many are feeling the heat of the economic slowdown.

"The pilot project is a kind of learning curve for us. We wish to be close to our customers and support them since many are increasingly getting affected due to the economic situation," Metro Cash & Carry International regional operating officer (Asia) James Scott told ET on the sidelines of the launch of Metro's first wholesale centre in Kolkata on Wednesday. The company already operates two centres in Bangalore, and one each in Mumbai and Hyderabad.

Mr Scott stressed that Metro's role in such credit arrangements for customers will be that of a facilitator. "We will tie up with third-party financial institutions who will offer such financing. In fact, in our kirana training programmes, we are also providing inputs on how to seek finance support. Such schemes may also be rolled out for institutional buyers," he said.

Metro Cash & Carry already operates such mom-and-pop retailer support programmes in other countries such as Poland and Turkey. "In Turkey, we have a credit card programme for kiranas. Such possibilities cannot be ruled out in India. After all, we are looking at India as a major market for long-term growth," said Mr Scott.

28. "US firm, Punj Llyod to form nuclear fuel technology JV"

Business Standard, Dez. 05, 2008

New Delhi: Thorium Power, a US-based nuclear energy company, has signed an agreement with Punj Lloyd, one of the leading engineering and construction companies in India, to form a joint venture (JV).

The JV will provide thorium fuel technology for light water reactors (LWR) to come up in India, which predominantly generates nuclear power using LWRs. The agreement for the equal-stake joint venture company will be signed in the first half of calendar year 2009.

"The joint venture will work on providing thorium fuel technology for nuclear reactors, advisory services for nuclear power plants and establishing a nuclear technology investment fund in India," said Seth Grae, president and chief executive officer of Thorium Power. Grae, however, declined to reveal the quantum of investment in the JV company or the size of the proposed nuclear technology investment fund.



Thorium Power specialises in harnessing nuclear energy by using thorium, which is less radioactive than the conventional nuclear fuel -- uranium. The US-based company also provides advisory services for emerging nuclear programmes.

“We are also looking at similar partners in other regions of the world,” said Atul Punj, chairman of the Punj Lloyd Group.

Under its three-stage nuclear power programme, India has committed to develop a thorium fuel cycle for its planned 12 indigenously-developed nuclear reactors. While India has only 0.8 per cent of the world’s uranium reserves, it has about 32 per cent of the world’s total reserves of thorium.

The three-stage cycle first involves processing of plutonium in pressurised heavy water reactors, through which uranium-233 is produced. This uranium is then put into fast breeder reactors which then produces thorium. This thorium is then used to produce nuclear power.

Anil Kakodkar, chairman of the Atomic Energy Commission had said that India is developing advanced heavy water reactors that will utilise thorium for commercial power generation. NPCIL, India’s state-owned nuclear power generator, is currently planning to construct about 30 light water reactors of 1,000 MW capacity by 2030.

29. Isro to enhance capacity to meet DTH demand

The Financial Express, Dez. 05, 2008

Bangalore: With the country’s top direct-to-home (DTH) players, including Dish TV and Tata Sky, planning to expand their channel portfolio, Indian Space Research Organisation (Isro) has decided to increase its satellite transponder capacity in order to provide communication service to DTH players.

Isro will more than double its transponder capacity in the near future, said managing director of Antrix Corporation KR Sridhar Murthy. Antrix, the commercial arm of Isro, is an authorised government agency to offer all Indian and foreign space-related services to local players.

Talking to FE on the sidelines of Word Space Biz 2008, India’s first international conference organised by Isro, Murthy said currently the Indian satellites have 211 transponders for communication purpose that include DTH service, telemedicine and tele-education. Of this, he said, 100 transponders are leased to DTH providers. “Another 300 transponders would be added in the next five years for various communication purposes, including DTH. It is to be noted that 50-60% of Antrix revenue comes from transponder service.

India’s second largest DTH provider, Tata Sky, managing director and chief executive officer Vikram Kausik told FE, “The company is in talks with satellite providers and specialists to avail the satellite service further in order to expand the company’s DTH capacity. We require a large number of transponders in order to transmit 1,000 channels and give our viewers a wide choice. We hope to achieve the target in the next 2-3 years.”

The demand for new channels is growing very sharply in India, especially the regional markets are growing very fast. In order to have wider regional presence, we need to have more channels to offer. The country has 400 channels at present. The number is likely to double in the next 3-5 years. Hence, the DTH providers should have the capacity to accommodate these channels, he added.

Currently Tata Sky, which has 3-million subscribers, has hired all 12 Ku-Band transponders on INSAT 4A. The company will make some changes to expand its DTH platform to accommodate 200 channels against the current 167 channels with its current transponder capacity, Kausik said. “We will touch the 200-channel mark in a matter of weeks,” he added.

On the other hand, the country’s largest DTH provider with 4.8 million subscribers—Zee’s Dish TV—also has huge expansion plans. It, however, is waiting for Antrix green signal for transponder rights.

Director (Corporate) of Zee Network Amitabh Kumar said the company's DTH arm has applied to Antrix to provide 10 transponders to help implement expansion plans. He said the company, which currently owns around 11 Ku-Band transponders on NSS-6 foreign satellite, plans to expand its DTH space to 400 channels from the current level of 200 channels. The additional transponders will also serve the company's other planned services like high-definition channels, movies-on-demand, which would require an additional investment of Rs 100 crore, he added. He said the company is confident of getting 10 more transponder by the mid 2009.

Other DTH providers, Sun Direct, Reliance Big TV and Airtel, are also in talks with Antrix for more transponders rights....

30. Manipal Education buys out Antigua University

The Economic Times, Dez. 05, 2008

Bangalore: In one of the biggest cross-border deals in the education space, Manipal Education has acquired the entire shareholding of American More Pictures University of Antigua (AUA) from New York-based Greater Caribbean Learning Resources.

Manipal Education confirmed the buyout, but did not disclose the transaction size. However, sources said the company has raised \$115 million debt financing from ICICI Bank in recent weeks, which will be ploughed into the buyout as well as capex requirements for ramping up the campus.

ET first reported on the potential acquisition in its edition dated October 7. The Caribbean is a well-established market for medical students from the US mainland, where the availability of seats far outstrips demand. "We have completed the buyout, giving us control over AUA, which is among the top five medical education campuses in the Caribbean islands along with St George's University School of Medicine and Ross University," Anand Sudarshan, MD & CEO, Manipal Education, told ET.

"We saw a huge potential and strategic value in the acquisition as the Caribbean serves the unmet demand for medical seats in the US. The US is estimated to have 16,800 medical seats, while there are over 60,000 students who clear MCAT annually," Mr Sudarshan added.

AUA currently has over a 1,000 students on campus; the number will go up to 2,500 after Manipal builds a new campus in the near future. The US is currently short of over 75,000 doctors, and Manipal is keen on exploiting this opportunity by focussing on the Caribbean education industry.

Coupled with proximity to the US mainland and the secular nature of the US medical education system — which allows even AUA students to take the US Medical Licensing Examination — the Caribbean has become a cost-effective alternative for US students to secure a medical degree.

The deal marks Manipal Education's third M&A in 18 months. It had earlier acquired U21 Global, an online varsity, and MeritTrac, a skills assessment and testing firm. Manipal Education, in which the promoters hold 82% stake, has attempted to raise between \$100 and \$150 million from private equity investors. Before the market meltdown, banking sources said, the company's valuation was placed at around \$1.2 billion, making it probably the most valuable privately-owned education asset in the country.

Manipal Education, which is primarily into medical education with campuses in Malaysia, Nepal and Dubai, is estimated to end the current financial year with a topline of \$200 million.