



## **Newsletter, 20-VI-2008**

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#### **1. 'India's GDP to grow at 9.5% in FY 09'**

The Indian Economy is heading towards the fourth consecutive year of an over-9 per cent growth and like in the last five years, growth this year too was expected to be driven by capital investments happening in India, CMIE said.

#### **2. India rated as fourth safest business haven**

New Delhi: India has been ranked as the fourth most attractive business location for European business houses, by the fifth annual European attractiveness survey by global consultancy company Ernst & Young.

#### **3. India's mining industry to touch US\$ 30 billion by 2012**

"We believe that the mining industry could grow to USD 30 billion plus by FY'12 and reach 2.5 per cent of GDP, if India develops a conducive regulatory framework and attracts significant investment in exploration, mine development and infrastructure," a report by financial services firm Edelweiss stated.

#### **4. India to continue as top retail sourcing hub: PwC**

New Delhi: China and India are expected to continue as the top sourcing hubs in retail and consumer sector globally in the coming years, even as concerns over rising cost, quality and environmental issues may impact their advantage, a latest PwC report says.

#### **5. Network test gear sector to grow fast**

Mumbai: Riding on the back of the current telecom boom in the country, the test & manufacturing (T&M) industry- that provides equipment for checking and analysing any network's performance- is expected to show an annual growth rate of 100 per cent. Currently, this industry is worth Rs 1,000 crore in India.

#### **6. India targets US\$ 60 billion trade with China before 2010**

At the inauguration of the Consulate General of India, in the booming Guangzhou city, Mr. Mukherjee, said, "The trade target of US\$ 60 billion by 2010, set by our two prime ministers is very likely to be surpassed before 2010.

#### **7. VW invites 10 German suppliers to Pune**

Volkswagen, Europe's biggest vehicle manufacturer, is inviting as many as 10 of its German suppliers to build their manufacturing units around its proposed site in Pune in a bid to source the same quality of components procured and used in majority of its overseas markets

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The government has so far given formal approval to 467 SEZs of which 225 have been notified and are directly employing 97,993 people. Physical exports from the SEZs have increased to Rs 66,638 crore in the last fiscal registering a growth of 92 per cent from Rs 34,615 crore in 2006-07.

#### **9. Indian research wing of reputed US manufacturer attains pathbreaking success**

New Delhi: The Indian research wing of global microchip manufacturer Texas Instruments has made a major pathbreaking achievement of increasing the processing and memory capacity of ultra-low power micro-controllers.

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India is gradually progressing towards a service-led economy from an agrarian economy, says the study. Supply and production have increased but demand has doubled.

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India's average per-hectare yield has almost doubled to 560 kg since it allowed farmers to use modified seeds for the first time in 2002.

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Bhubaneswar: India's second largest producer of aluminium National Aluminium Co Ltd (Nalco) on Wednesday announced that it would invest around Rs.400 billion (\$9.5 billion) in the next five years in its various expansion projects

### **13. SAP arm to take 20% stake in six Indian firms**

MUMBAI: SAP Ventures, the angel investment arm of Germany's SAP, plans to acquire up to 20% stake in six Indian companies over the next 9-12 months.

### **14. Ford to make India hub for engine exports**

Ford is spending \$500 million (around Rs 2,000 crore) in expanding its factory in Chennai, to make 250,000 engines and 200,000 vehicles annually by 2010, Michael Boneham, managing director of the local unit said. Ford may also export a small car that it plans to produce in India, he said.

### **15. M&M buys Italian firm**

NEW DELHI: Utility vehicle maker Mahindra & Mahindra has signed an agreement to acquire Italy's two-wheeler design firm Engines Engineering SpA, for an undisclosed sum.

### **16. Foreign firms drive surge in technology patents**

Bangalore: Texas Instruments Inc., or TI, one of the world's largest chip makers, flies down patent attorneys from its US headquarters to Bangalore once a quarter to conduct workshops aimed at creating awareness among its employees on protecting their intellectual property (IP) and patenting it.

### **17. Tuticorin port plans US\$ 1.21 billion expansion**

According to a senior TPT official, Rs 4,350 crore would be spent on the outer harbour development project, which would include two or three container terminals, one oil terminal, two coal terminal and a general cargo terminal. This part of the project would be executed in the PPP mode.

### **18. 'BPO space has huge scope, needs new biz paradigm'**

All this can be done only if the country "puts its act together in education reforms and infrastructure initiatives," urged Mr Bhasin. A private-public partnership is required to achieve this, he added.

### **19. Bumper rise by 150 per cent in India's soyameal exports**

Between October 2007–May 2008, exports grew by 31 per cent, to reach 40.8 lakh tons against 31.15 lakh tons in the same period in the previous season. We are confident of achieving the initial target of over 45 lakh tons of soyameal exports in the current season," said Agrawal. The Soyabean crop is harvested between October to September.

### **20. Ludhiana's hosiery industry witnessing a boom**

Hosiery shops here popularly called India's Manchester could not have asked for more. Owners of woolen garment factories including Priknit, Koutons and Knitware Club are enjoying huge profits. According to trade experts, the industry's growing popularity in the domestic market is primarily due to the growing spending power of the people in India.

### **21. Rosebys set for India foray**

The company plans to roll out the stores across the country. "We plan to open 700 stores over the next three years in metros and tier-2 and tier-3 cities," Nikhil Sen, director, Rosebys interiors India, told Business Standard.

### **22. Ranbaxy promoters sell stake to Daiichi**

The deal represents a major foray into the field of generic drugs by Daiichi Sankyo and would be the latest in a string of large overseas acquisitions by Japanese drug makers.

### **23. Vedanta to invest \$20b in India**

LONDON: Indian billionaire Anil Agarwal-led Vedanta Resources plans to invest about \$20 billion in India for expanding its metal, mining and electricity generation operations, a media report says.



#### **24. India is world's most optimistic nation for hiring: Manpower**

NEW DELHI: India has emerged as the most optimistic nation in terms of hiring intentions across the world, but going forward the employment outlook seems challenging, global staffing services firm Manpower said.

#### **25. Mumbai is 7th most active financial city**

NEW DELHI: Mumbai, the financial capital of India, is ranked seven among the world's most financially active 75 cities in the world. The term financial active is determined through volume of equities, bonds, derivatives and commodities traded in the city. Mumbai has improved its position by 3 notches in 2008 vis-a-vis its rank in 2007.

#### **26. Reliance Retail opens 700 store in 2 yrs**

Mumbai: Reliance Retail, promoted by Reliance Industries, has opened 700 stores in 14 different formats in 60 cities of the country in the last two years of its operation. Its food and grocery chain Reliance Fresh has 600 stores across the country

#### **27. D E Shaw plans \$200-mn education blitzkrieg**

Bangalore: D E Shaw, a global private equity firm with \$36 billion in assets, is understood to be planning around \$200 million investment in the Indian education sector by taking up strategic positions in companies offering e-learning, distant learning, vocational training and the like.

#### **28. Mukesh aims to double size of RIL**

Like every other time, Ambani spoke of big things. He spoke of doubling the size of his company with the commissioning of the new refinery and oil and gas production facilities

#### **29. RIL to be India's largest gas producer**

"Production of gas from KG-D6 and other oil blocks will catapult Reliance into the single largest gas producer in the country with more than a 50 per cent market share," company CMD Mukesh Ambani told shareholders of the company in Mumbai on Thursday

#### **30. India to build 43 new IT cities in 10 yrs**

Faced with a challenge from upstarts threatening to erode India's low-cost appeal, the government is planning to build 43 new information technology cities across the country to retain its top dog status in the business and to be in a position to tap the huge surge in demand for IT-enabled services over the next 10 years.

#### **31. Toyota has big plans for India**

Nagoya: Japanese automobile giant Toyota Motor (TMC) is all set to explore new initiatives to strengthen its hold in the Indian market.

#### **32. Spielberg, Anil Ambani group near deal**

NEW YORK: Movie studio DreamWorks SKG is close to a deal with Anil Dhirubhai Ambani Group to form a new movie venture, the *Wall Street Journal* reported on Tuesday

#### **33. Pharma major Biocon plans unit to make tablets**

BANGALORE: Biopharma major Biocon is planning to set up a dedicated greenfield facility to manufacture tablet formulations. The Bangalore-based company currently outsources this activity. Biocon is in the tablet formulation market in a small way now across the nephrology, diabetology, cardiology and oncology verticals

#### **34. Indian KPO to become a US\$ 10 billion industry**

The industry which has been growing at around 15 per cent in the last few years is likely to accelerate with a growth rate of 25–27 per cent, provided a strong chain of qualified professionals is built, which would open up the field for biotechnology and nanotechnology experts.

### **35. Food Grain production grows by 10-12 mn tonnes:**

**Govt** Coimbatore: Despite pessimism about the growth in the agriculture sector, India has achieved a record foodgrain production of 227 million tons in 2007-08, registering a growth of 10 to 12 million tons over the previous fiscal, a top official said.

### **36. India to play a key role in Qatar Airways' growth strategy**

Kochi: Qatar Airways has spelt out plans to expand its presence across India as part of a long-term commitment to one of the fastest growing economies in the world.

### **37. LG to expand its manufacturing hub in India**

Singapore: South Korean technology major LG Electronics on Tuesday said it will be expanding its handset manufacturing facility in India, which exports mobile phones to overseas markets, in the coming months.

### **38. Medical devices, the next big step for semiconductor makers**

Bangalore: Semiconductors, silicon chips that run mobile phones, game consoles, photo copiers, television sets and almost all other electronic devices are in search of a saviour-a killer application that can maintain its magic run that began with the personal computer and consumer electronics booms in the 1990s.

### **39. India plans series of investment pacts New Delhi**

India today signed a bilateral investment promotion and protection agreement (BIPA) with Syria, and is in the process of signing similar pacts with a host of countries. While negotiations with some countries have been concluded, talks with some others are at an advanced stage. Sources says India will sign its 72nd BIPA with Myanmar this month.

### **40. Tata Communications signs stake deal with Chinese company**

Mumbai: Tata Communications (TC), formerly VSNL, has acquired a 50% stake in telecom and IT services firm China Enterprise Communications (CEC) for an undisclosed amount.



## Newsletter, 20-VI-2008

### 1. 'India's GDP to grow at 9.5% in FY 09'

The Financial Express, June 17, 2008

Mumbai: India's real GDP is expected to grow at an impressive 9.5 per cent in FY 09, the Centre for Monitoring Indian Economy (CMIE) said in its monthly review in Mumbai.

The Indian Economy is heading towards the fourth consecutive year of an over-9 per cent growth and like in the last five years, growth this year too was expected to be driven by capital investments happening in India, CMIE said.

As per CMIE CapEx Service, projects worth Rs 3.4 lakh-crore are scheduled for commissioning in FY 09. This would be the highest-ever completion of investments in the Indian history, CMIE said.

The capital investment boom in the country drives the current growth phase of the Indian Economy.

India's GDP started rising by over eight per cent since FY 04. And, the gross capital formation (GSF) grew in the range of 13-23 per cent during this period.

CMIE expects growth in GSF to accelerate to 18.7 per cent in FY 09 from 13.4 per cent in FY 08. This robust growth in GSF is expected to more than offset the moderation in the growth in private final consumption expenditure (PFCE) and Government final consumption expenditure (GFCE).

CMIE stated that the PFCE is expected to grow by five per cent in FY 09, after growing by 7-9 per cent in the preceding three years. While the slower growth in the PFCE would mainly be on account of the higher base in 2007, the prevailing high inflation would also affect the consumption demand to some extent.

However, inflation is not expected to depress the PFCE dramatically as income levels in India have also gone up significantly in the last one year.

### 2. India rated as fourth safest business haven

IBEF, June 6, 2008

New Delhi: India has been ranked as the fourth most attractive business location for European business houses, by the fifth annual European attractiveness survey by global consultancy company Ernst & Young. 30 per cent decision-makers among the 834 who responded to the survey, found India attaining more investor confidence and developing as a more preferred business destination compared to the US and Russia.

China topped the list with 47 per cent votes, followed by Central Europe (42 per cent) and Western Europe (33 per cent).

The US and Russia were preferred by 21 per cent. Termed as "an open world", the European attractiveness survey aimed at identifying the prospects of different business locations and the standards expected by the respondents.

According to the findings, the most important factor for foreign direct investors was accessing new markets, and as the European economy is showing the signs of slowing down, investors are looking for thriving economies and competitiveness in other markets.

"The survey findings further highlighted that business leaders today see the investment world as multi-polar and including destinations such as China, India, Russia and West Asia. These relatively recent

global players present viable competition to the developed world in the eyes of potential investors searching for investment locations", it stated.

"The world is becoming a level playing field when it comes to businesses' perceptions of their cross-border investment options," said Marc Lhermitte, Partner, Ernst & Young, France, who headed the European attractiveness survey.

"The developed markets of Western Europe and the US are being challenged by competing equals. As they look ahead, businesses are chasing growth through Asian consumers' spending power. But Europe and the US still remain vastly diversified and powerful markets."

As almost half of the European businesses are still in the stages of developing their activities across European borders, investors will continue to go ahead with projects in Europe in the near future, even as they will be also starting complex, longer-term investment projects in Asia.

On the whole, 47 per cent of the business leaders plan to develop activities in Europe, although 16 per cent say they will move all or a part of their projects outside the region.

22 per cent respondents voted India as the second most preferred global location for relocating projects. China was the most preferred destination, with 36 per cent votes.

21 per cent investors voted India as one of the top three most innovative countries ahead of UK, France, Finland and Sweden.

The most innovative countries were the US with 50 per cent votes and China with 34 per cent votes, followed by Germany and Japan with 31 per cent and 29 per cent respectively.

With the high ranking of China, Japan and India, the survey places Asia at the top of the most preferred geographical locations because of its level of innovation.

### **3. India's mining industry to touch US\$ 30 billion by 2012**

The Economic Times, June 4, 2008 on IBEF

New Delhi: Country's mining industry is projected to touch over \$30 billion (about Rs 1,27,662 crore) accounting for about 2.5 per cent of the GDP in the next four years, a latest report said.

"Considering India's mineral resources, we believe there is strong potential for further development and scaling up of the country's mining industry.

"We believe that the mining industry could grow to USD 30 billion plus by FY'12 and reach 2.5 per cent of GDP, if India develops a conducive regulatory framework and attracts significant investment in exploration, mine development and infrastructure," a report by financial services firm Edelweiss stated.

The report on metals and mining pointed out that India has immense natural resources and is ranked among top 10 globally for deposits in iron ore at 25.2 billion tons (BT), coal 257.4 BT and bauxite 3.3 BT, which constitute 3 per cent, 10 per cent, and 4 per cent respectively of the world's resources.

The country also holds leading position globally in mica (No 1), barytes (No 2), chromite (No 4), kaolin (No 4), and manganese (No 7), the report said.

"These are significant numbers and imply that India has the potential to develop a scaled up, world class mining industry. Some progress has been made and in iron ore, for instance, India ranks third amongst various exporting countries," it said.

## **4. India to continue as top retail sourcing hub: PwC**

The Financial Express, June 17, 2008

New Delhi: China and India are expected to continue as the top sourcing hubs in retail and consumer sector globally in the coming years, even as concerns over rising cost, quality and environmental issues may impact their advantage, a latest PwC report says.

According to report 'Global Sourcing: Shifting Strategies' released by PricewaterhouseCoopers (PwC), cost, quality and the environment would play an increasingly important role as companies seek to achieve new heights of performance and competitive advantage from the global sourcing programmes.

"Our feeling is that China will continue to be the leader in terms of sourcing activities for many years to come, however, concern over rising costs, carbon footprint and other issues may cause companies to step up purchases in other countries over time," the PwC report stated.

China is the number one destination for global sourcing activities with 83 per cent of companies interviewed for the survey naming it as the top sourcing nation, while India follows at the second place with 58 per cent.

"Global sourcing is experiencing robust growth with increased globalisation. While cost is still the key driver of global sourcing activities, mature companies are shifting focus to gain greater efficiency in competitive market, with focus on better quality products and collaborative supplier relationships," PwC India retail and consumer leader N V Sivakumar said.

For success, companies need to adapt their organisation structure and processes to manage the supply chain risks, minimise impact on environment, as well as measure and maximise cost savings, Sivakumar added.

## **5. Network test gear sector to grow fast**

The Hindu Business Line, June 4, 2008

*Competition among telcos for better services is trigger*

Mumbai: Riding on the back of the current telecom boom in the country, the test & manufacturing (T&M) industry- that provides equipment for checking and analysing any network's performance- is expected to show an annual growth rate of 100 per cent. Currently, this industry is worth Rs 1,000 crore in India.

Majority demand is coming from wireless telephony service providers as both existing and new players are increasingly seeing T&M spends not as an expenditure but as a necessary differentiator for ensuring better voice quality, reliable networks, and increased productivity, said Mr G.R Manohar Reddy, Managing Director of the Hyderabad based Aishwarya Telecom.

Telcos are now keen to spend about five per cent of their total network cost on T&M, according to a veteran telecom industry official.

The spend on T&M used to be as low as 0.1 per cent couple of years ago, the official said.

Telecom carriers purchase equipment such as spectrum analysers, network analysers, protocol analysers, optical spectrum analysers etc.

Another fear playing on the minds of mobile telephony players is the soon to be introduced mobile number portability service that will enable customers to change their mobile operators yet retain the same number, according to the official.

"It is not that existing mobile operators are deploying T&M technology for the first time; but yes, now they are taking additional interest to better their networks," said Mr Venkatesh Valluri, President and Country General Manager, Agilent Technologies. (Agilent is the largest T&M equipment provider in the country).

Going forward, every circle in the country is expected to have at least three new telecom operators.

T&M companies not only supply equipment for new telecom operators but also provide them with 'intelligence services'.

"We assist them on how much network should be deployed in a particular region. This is because the quality of services is directly related to the quality of measurement benchmarks that are in place," said Mr Valluri.

Add to it the increasing demand for broadband (estimated at 20 million subscribers by the end of 2010) and influx of newer technologies like DSL, WLAN, WiMAX and Mobile 3G, a 100 per cent growth is certainly on the cards, said Mr Reddy.

## **6. India targets US\$ 60 billion trade with China before 2010**

IBEF: June 6, 2008

New Delhi: Eager to learn from China's "remarkable success" in developing Special Economic Zones, India is setting a mutual trade target of over US\$ 60 billion before 2010, said the Indian External Affairs Minister Pranab Mukherjee, on June 05, 2008, while on a four-day visit to China. The trade between the two Asian giants currently stands at around USD 40 billion.

At the inauguration of the Consulate General of India, in the booming Guangzhou city, Mr. Mukherjee, said, "The trade target of US\$ 60 billion by 2010, set by our two prime ministers is very likely to be surpassed before 2010. There is tremendous interest in India to learn from your experiences, including your remarkable success in developing your Special Economic Zone," he added. Reiterating that China was India's largest trading partner, the minister said "if India and China are to grow together, as your President Hu Jintao said during his visit to India, our economic and commercial relationship must become the firm foundation for such growth."

India's Ambassador to China, Nirupama Rao and Guangdong Governor, Huang Hua Hua were also present during the ceremony.

Mukherjee said the Guangdong province, which accounts for one-third of China's total foreign trade, had always been the vanguard of China's economic reforms. Mukherjee said Chinese Companies from Guangdong were also planning an entry into the Indian market. He said the launching direct flights from Guangzhou to India was an "encouraging sign" showing that both sides want to strengthen their economic trade, technological, cultural and people-to-people contacts.

He said Indian firms have already started investing in China, including the Pearl River Delta, and "this trend is likely to escalate in the coming years". "The trajectory of growth in our mutual trade and investment continues to astonish our citizens," he added "our economic development is providing the momentum for growth and prosperity in the Asia-Pacific region."

The decision to set up India's second Consulate General in Guangzhou, (the first one is in Shanghai) about 120 km northwest of Hong Kong, and China's consulate in Kolkata was taken during the visit of the Chinese President to India in 2006. The aim of the new Consulate General would be to encourage trade and investment ties, enhance tourism and business travel between the two countries, and to introduce Indian culture and civilisation to the people of China.



## 7. VW invites 10 German suppliers to Pune

### Business Standard

Volkswagen, Europe's biggest vehicle manufacturer, is inviting as many as 10 of its German suppliers to build their manufacturing units around its proposed site in Pune in a bid to source the same quality of components procured and used in majority of its overseas markets.

The company relies heavily on some of its original suppliers for spare part procurement for their sustained efficiency. More than 10 global auto parts makers have expressed keen interest in Volkswagen car and utility vehicle making project based in Chakan, near Pune. Most of these companies supply to Volkswagen internationally.

"We are in the final process of selecting component manufacturing companies, which will supply auto components to our plant. We have issued over 10 tenders to various companies so far. The response has been great from them. We will finalise the plan in the next few weeks," said Thomas Dahlem, director, manufacturing engineering, Volkswagen India.

The facilities of all such companies will be situated in Volkswagen's land spread over 240 hectares. This will help the German company in negating any time lapse in the delivery of components and also save costs on transportation.

Of the total area of 230 hectares, only about three-fifth or 140 hectares is currently being utilised by Volkswagen alone. The company intends to allot plots within its complex to facilitate shops for the component suppliers.

The firm was in the process of inviting companies to India for making spare parts as its own original target of setting up manufacturing centre by 2010 was advanced by almost a year to the first half of 2009.

"Indian market is very demanding and that's why we have changed the time frame," Dahlem said.

The official refused to divulge details about the names of the auto component makers that have shown interest in the VW's project as well as their projected investment. Depending on its capacity, a component making company incurs costs anywhere between Rs 30 crore to Rs 200 crore for a facility.

Apart from the regular VW models, such as the recently launched luxury sedan Passat and yet to be launched models like mid-sized Jetta, sports utility vehicle Touareg, small cars Polo/Golf and UP, the facility will also produce cars for the companies, including Skoda and Audi.

Currently, Skoda has its own independent plant in Aurangabad where it makes models like Laura, Fabia, Octavia. Audi's A6 as well as VW's Passat model are produced there.

In June last year, the company conducted its first ever suppliers' conference in India, where about 250 suppliers from India and abroad participated. The company was keen on inducting suppliers, thus overseeing a long-term partnership for domestic consumption as well as sourcing.

The fresh foray of more number component companies will either come in the form of direct investment into the country or through the formation of a subsidiary company, thereby availing the benefit of 100 per cent foreign direct investment (FDI) allowed in the segment.

Investments are also likely to happen through formation of joint ventures with Indian companies, which have expertise in making similar components.

Recently, a number international auto component making companies have made a foray into the market through joint ventures. These include Magneti Marelli, Delphi, FTE Automotive and Magna International, among others.

## **8. Government approves 23 SEZ proposals**

The Economic Times, June 5, 2008

New Delhi: The government on Wednesday approved 23 more proposals for setting up Special Economic Zones, including an airport-based one by Bangalore International Airport Ltd and an IT zone by Larsen and Toubro.

The Board of Approval (BoA) for SEZ, chaired by Commerce Secretary Gopal Pillai, took up 27 proposals of which 21 were granted formal approvals while the in-principle nod to two projects were converted into formal approvals, an official statement said here.

BIAL's airport-based 113 hectare SEZ at Devanahali in Bangalore was given formal approval as was the 15 hectare IT zone in Gujarat by Larsen and Toubro.

Among those which were granted formal approvals include 13 proposals by Deccan Infrastructure and Land Holdings Ltd for IT, ITeS, sector specific and gems & jewellery zones in Andhra Pradesh. Diamond IT Infracon's IT zone in Uttar Pradesh was also given the go-ahead.

The in-principle nod to the metal SEZ by Germach Infrastructure Equipments and Projects Ltd and engineering SEZ by Maharashtra Industrial Development Corporation in Maharashtra was converted to formal approvals.

The government has so far given formal approval to 467 SEZs of which 225 have been notified and are directly employing 97,993 people.

Physical exports from the SEZs have increased to Rs 66,638 crore in the last fiscal registering a growth of 92 per cent from Rs 34,615 crore in 2006-07.

## **9. Indian research wing of reputed US manufacturer attains pathbreaking success**

IBEF: June 10, 2008

New Delhi: The Indian research wing of global microchip manufacturer Texas Instruments has made a major pathbreaking achievement of increasing the processing and memory capacity of ultra-low power micro-controllers.

The new breed of ultra-low power micro-controllers can help users in varied fields such as medicine, security, residential automation and consumer goods, the company divulged on June 9, 2008. "The new generation micro-controllers will have 50 per cent more processing performance and a 100 per cent enhancement of memory as compared to previous generations," a spokesperson said. "Power consumption has also been brought down," he added.

TI (India) business development manager, Shailesh Thakurdesai, stated that efficiency of several gadgets such as panel and three-phase meters, UPS and inverters, LED lighting, portable ultrasound scanning devices, electronic thermometers, wind and solar power generators, security and surveillance equipment would "be enhanced to quite a considerable extent".

Like many other global companies trying to gain a foothold in India, earlier, TI had set up a research and development unit in Bangalore in 1985. "Since 2006, the Indian research arm has become the most critical R&D for TI globally," the spokesperson said.

The Indian analog semiconductor market is likely to gross US\$ 437 million by 2009.

## **10. India's power demand to rise 120 GW to 335 GW**

The Economic Times, June 5, 2008

Mumbai: With soaring crude oil prices, the time has come for the Indian power sector to explore substitutes. If India continues to grow at an average rate of 8% for the next 10 years, power demands may rise from the present 120 gigawatt (GW) to 315-335 GW by 2017, 100 GW higher than current estimates, states a six month long study 'Powering India: The Road to 2017'.

The McKinsey & Company's Electric Power and Natural Gas Practice study shows a radical approach to increase power capacity.

India is gradually progressing towards a service-led economy from an agrarian economy, says the study. Supply and production have increased but demand has doubled. According to the study, the demand can only be met through a five to 10-fold rise in power production. This means investments in the power sector will increase over \$600 billion (Rs 24 lakh crore) in the next 10 years. Consumer demand across rural and urban sectors is growing at 14% over the next 10 years, whereas India's GDP growth is just 8% a year. The second reason is the government's plan to provide electricity to everyone by 2012.

This means 23 million below-poverty line (BPL) households should be added in the power grid. The third reason is the 24X7 supply of electricity to consumers and the industrial demand to switch to expensive diesel-based power.

When the demand rises to 335 GW, India's power sector will have to generate 415-440 GW for plant availability adjustments and 5% spinning reserves. Adding 300 GW by 2017 will mean increasing the annual capacity by 30 GW against the current growth capacity of 9 GW. The McKinsey & Company's report, however, says India will be able to add only 160-180 GW by 2017 even in case of best development trajectory. If these estimates are to be broken, India needs to increase its capacity at a fast pace.

## **11. Cotton production may reach record on genetically altered seed**

Business Standard, June 5, 2008

Mumbai: Cotton output in India, the world's third largest grower, may rise to a record next year as farmers increase their use of genetically altered seeds to boost yields, a government official said.

Production may total 32.5 million bales (1 bale= 170 kg) in the year starting October, compared with 31.5 million bales estimated for this year's crop, Textiles Commissioner Jagadip Narayan Singh said from New Delhi yesterday.

A record harvest may boost India's exports to countries including China, the world's biggest user of the fibre, and increase competition for suppliers from US and Uzbekistan. Higher production may also weigh on cotton prices, which gained 46 per cent the past year as US farmers reduced planting in favour of wheat and soybeans.

Land planted to gene-modified cotton seeds, including Monsanto's Bollgard II variety, may rise as much as 10 per cent next year, Singh said.

India's average per-hectare yield has almost doubled to 560 kg since it allowed farmers to use modified seeds for the first time in 2002. Farmers sowed gene-altered seeds across two-thirds of the 9.6 million hectares (23.7 million acres) planted to cotton this year, up from 50 per cent a year earlier.

### **Chinese Demand**

Higher output and improved fiber quality may boost India's exports next season as Chinese mills turn to India to bridge a decline in raw material from the US, the world's biggest supplier, D K Nair, director-general of the Confederation of Indian Textile Industry, said.

"You have a situation where exports are more profitable for traders than selling to the domestic mills," Nair said by telephone from New Delhi. "Rising Chinese demand and lower US production is pushing up exports." Prices may stabilize around 70 cents a pound for the rest of the year, he said.

## **Exports**

India's exports may total 8.5 million bales in the year ending September 30, up 47 per cent from a year earlier, according to the nation's Cotton Advisory Board.

China will increase cotton imports 37 per cent in the marketing year starting August 1 as demand rises and production slips, the US Department of Agriculture said. Imports will rise to 3.7 million tonnes, or 17 million bales, from an estimated 2.7 million tonnes this year.

## **12. Nalco to invest US\$ 9.5 billion in expansion projects**

The Economic Times, June 5, 2008

Bhubaneswar: India's second largest producer of aluminium National Aluminium Co Ltd (Nalco) on Wednesday announced that it would invest around Rs.400 billion (\$9.5 billion) in the next five years in its various expansion projects.

The projects include smelter and power Projects in Indonesia, South Africa and Iran. Besides, Nalco is planning brownfield and greenfield growth projects within the country, the company said here.

Earlier this year, Nalco signed a deal with Indonesia to set up a 500,000-tonne smelter and a 1,250 mw captive power plant in that country. Nalco plans to invest around Rs.140 billion in this greenfield project, it said.

Nalco is also exploring the possibilities of setting up a smelter and power plant in South Africa at an investment of around Rs.160 billion. In Iran, a 310,000-tonne smelter has been planned.

The company added that it has also plans to set up new projects in the country. A mines and refinery complex is being planned in Andhra Pradesh. A draft memorandum of understanding (MoU) is under negotiation with the Andhra Pradesh government for implementing the Rs.70 billion project.

In Orissa, a smelter and power complex has been planned in Jharsuguda district at an investment of Rs.85 billion. Nalco also plans to set up an aluminium park in Angul, as a joint venture with Orissa Industrial Infrastructure Development Corp (IDCO).

Bharat Earth Movers Ltd (BEML) and Nalco have reached an agreement to collaborate for the production of aluminium rail wagons, the company added.

As per the agreement, the products would be jointly developed by these two leading PSUs and Nalco would supply the aluminium extrusions after conversion from its billets and ingots through a third party.

The company added that it would develop a cement unit at Angul power plant. The project will involve an investment of Rs.3 billion.

The company officials have said Nalco now enjoys more managerial powers and commercial autonomy to chart its own course in the world market after it was accorded Navratna status by the central government recently.



### **13. SAP arm to take 20% stake in six Indian firms**

5 Jun 2008, Subhro Niyogi, TNN

MUMBAI: SAP Ventures, the angel investment arm of Germany's SAP, plans to acquire up to 20% stake in six Indian companies over the next 9-12 months. The quantum of investment is pegged around \$30 million. SAP is the latest among global IT majors to eye investment opportunities in small and medium sized Indian companies with potential for growth and collaboration.

Globally, SAP Ventures has been in operation since 1997 and has invested in 75 firms in the US and Europe with revenues of \$5-10 million.

SAP vice-president and head of SAP Ventures Nino Marakovic said, "Indian innovation already benefits the global economy. Indian companies have been building products on an outsourced basis for sometime but have now started developing and selling directly to value-conscious customers worldwide. We are thrilled to be investing directly in Indian start-ups with a broad investment focus."

At the high-profile SAP Summit 2008 underway in Mumbai, SAP president and CEO (America's and Asia-Pacific) Bill McDermott said: "SAP Ventures has decided to make India-focus investments. The investment will be in innovative, early-stage companies." Investing in India has now become a key focus of SAP Ventures since it is one of the fastest-growing economies in the world and to the large talent pool that is at the forefront of technology revolution.

### **14. Ford to make India hub for engine exports**

Ford Motor Co, the second-largest US automaker, plans to export engines from India to the Asia-Pacific region to take advantage of cheaper production costs in the country.

Ford is spending \$500 million (around Rs 2,000 crore) in expanding its factory in Chennai, to make 250,000 engines and 200,000 vehicles annually by 2010, Michael Boneham, managing director of the local unit said. Ford may also export a small car that it plans to produce in India, he said.

Exports of Indian-made engines, parts and other components may rise almost six-fold to \$40 billion by 2015 from about \$6.7 billion in 2003, as automakers seek to trim production costs, according to McKinsey & Co.

Dearborn, Michigan-based Ford is expanding in Asia as rising gasoline prices erode truck sales in its home market.

"India will be a significant domestic market for us, and it will be an exporter of engines to the region," Boneham said yesterday. "It's a very cost-effective country." The country's vehicle exports rose 11 per cent to 276,053 in the year ended March 31, as automakers used the country as a hub to make hatchbacks and minicars for Europe and Asia, according to the Society of Indian Automobile Manufacturers.

The government in February cut taxes on small cars for the second time in three years to make the country a global hub for small-car production. Taxes on cars shorter than 4 meters were cut to 12 per cent from 16 per cent.

#### **Trimming jobs**

The excise tax, levied at the time of shipping from the factory, was as high as 32 per cent in 2003. Salaries in India are cheaper too. Maruti Udyog, the nation's largest carmaker, pays factory workers about Rs 26,000 (\$605) a month, the company said last year.

By comparison, an entry-level worker in the US makes about \$2,300 a month, according to the United Auto Workers Union Web site.

The expansion in India contrasts with Ford shutting plants in the US. The US automaker said it plans to cut salaried-employee costs by 15 per cent as declining US sales extend losses. Ford now sells Ikon, Fiesta and Fusion cars and Endeavour sport-utility vehicle in India after setting up the u

## 15. M&M buys Italian firm

6 Jun 2008, TNN

NEW DELHI: Utility vehicle maker Mahindra & Mahindra has signed an agreement to acquire Italy's two-wheeler design firm Engines Engineering SpA, for an undisclosed sum.

"M&M has signed an agreement with Engines Engineering SpA, agreeing to acquire 100% stake in Engines Engineering Srl, the new legal entity which will be formed by transferring the business of Engines Engineering SpA," the company said.

The transaction is subject to receipt of necessary approvals. "M&M through Systech has been looking at acquisition of a reputed design house," Mahindra Systech president Hemant Luthra said, adding it would enable the company to penetrate into Europe, and countries like China and Russia. MD Anand Mahindra said, "Mahindra Systech has the mandate to build globally competitive businesses in selected verticals and this acquisition greatly enhances our capability to do so. The acquisition gives impetus to scale up the company's business, he said.

## 16. Foreign firms drive surge in technology patents

livemint.com, june 9, 2008

**Trend reflects the more complex R&D work being done in India; subsidiaries of MNCs outpace local peers**

Bangalore: Texas Instruments Inc., or TI, one of the world's largest chip makers, flies down patent attorneys from its US headquarters to Bangalore once a quarter to conduct workshops aimed at creating awareness among its employees on protecting their intellectual property (IP) and patenting it.

Similarly, at the India research and development, or R&D, centre of Cisco Systems Inc., the world's largest networking gear maker, so-called "nerd lunches" for engineers are a weekly feature, where a technical leader speaks on an area of expertise, sharing experiences on developing IP and protecting it so that others can gain from it.

As India becomes an important centre of innovation, Indian and global technology firms are increasing efforts to spread the message of the need to protect and patent the intellectual property developed locally. The effort seems to be paying off as multinationals such as TI, Cisco, and NXP Semiconductors of Eindhoven, the Netherlands, see a surge in patent applications, both local and US, being filed from their research units in the country. The trend is, in part, driven by the more complex and critical R&D assignments being taken on by the Indian units and cash incentives offered to encourage employees to create IP.

"Writing a patent is not easy," says Biswadip Mitra, managing director of Texas Instruments India. "Many a time, people have ideas, but they don't know how to file it (as a patent). Our philosophy is simple. Just write and we have subject experts to help you out," Mitra adds.

TI has seen an increase in patents being filed from India in recent years, with around 70 applications for US patents filed in 2007. The Bangalore unit has filed more than 500 applications from Indian in the US since 1985, when it became the first multinational technology firm to set up a development centre in the southern city. The company wouldn't disclose the number of patents filed in 2006.

TI's competitor NXP Semiconductors, a spin-off from Royal Philips Electronics NV of the Netherlands, also has a similar story to share. The company has seen a spurt in patent applications after it started encouraging innovation among its employees here, says Nagavolu Murty, director of technology management at NXP Semiconductors India Pvt. Ltd. NXP has seen a fourfold rise in patent



applications filed by its employees in India—to around 20 Indian and US ones a year, up from about less than five—some three years ago, Murty adds.

“The awareness to protect intellectual property has definitely increased over the past three years,” says Kalyan C. Kankanala, chief knowledge officer of Brain League, a Bangalore-based IP services firm that assists companies such as Sterlite Optical Technologies in filing patents.

Patent applications filed by firms in India grew annually by around 20% to 35,000 in 2007-08, according to the Indian Patent Office. Details of the number of US patent applications being filed for work done locally were not available.

Aravind Sitaram, vice-president and managing director of Cisco Development Organization, the Indian R&D outfit of the San Jose, California-based company, says the firm has been granted 110 US patents for the 450 applications filed so far from India.

In filing patent applications, the local subsidiaries of large multinationals such as International Business Machines Corp., Microsoft Corp., Qualcomm Inc. and Samsung Electronics are ahead of the Indian services firms such as Tata Consultancy Services Ltd, or TCS, Infosys Technologies Ltd and Wipro Ltd.

TCS, India's largest software services firm, was granted 17 US and Indian patents last fiscal year against 26 applications. The company has a total of 37 US and Indian patents to its credit and about 100 are in the process, said a company spokesperson.

Infosys, which has filed an aggregate of 119 US patent applications till date, was recently granted two patents by the US Patent and Trademark office in areas of holography and mobile communications.

Such patents, Infosys hopes, will help it grow its business-predominantly services-faster. “IP forms the most important part of growing non-linear revenues,” says Subu Goparaju, head of the Software Engineering and Technology Lab (SETLabs), Infosys’ research arm. Much of the business of Indian software services firms is linear, meaning that a growth in revenues is accompanied by a corresponding growth in number of employees.

Wipro Technologies, the technology services arm of Wipro, has filed more than 100 US and Indian patent applications till date-the majority in the past few years-of which 38 have been approved, mainly in the US. “Patenting IP helps a services company like Wipro to prove thought leadership and credibility in the marketplace,” says I. Vijayakumar, chief technology officer, Wipro.

The company has been filing 25-30 patents a year in information technology and the firm’s IP-led licensing revenue accounts for between 3% and 4% of the total earnings from technology business.

The Microsoft India Development Centre (MSIDC) in Hyderabad, the largest product development centre outside Redmond for the world's largest software firm, has contributed to generating 180 US patents for Microsoft in India in last three years, says Srini Koppulu, vice-president, MSIDC.

Philips Electronics has filed about 130 US and Indian patent applications from India over the last six years. “The India development operations accounts for 10-15% of the total patents filed by the parent company globally on an annual basis, up from 4-5% five years ago,” said Viswanathan Seshan, country manager, IP and Standards at Philips Innovation Campus, the R&D centre for Philips in India. “As we mature as a R&D unit, the quality of work that comes here has increased and that has definitely contributed to the rise in (the number of) patents being filed.”

## 17. Tuticorin port plans US\$ 1.21 billion expansion

Business Standard, June 9, 2008

Chennai: Tuticorin Port Trust (TPT) is planning to invest Rs 5,200 crore to create additional capacity and infrastructure. The port had recently received in-principle approval from the Centre for two major

projects involving the inner harbour and outer harbour. The projects, which will be executed through the public-private partnership (PPP) mode, are expected to be completed by 2012.

According to a senior TPT official, Rs 4,350 crore would be spent on the outer harbour development project, which would include two or three container terminals, one oil terminal, two coal terminal and a general cargo terminal. This part of the project would be executed in the PPP mode.

The inner harbour project, which will cost Rs 936 crore, will involve building of a coal berth and a general berth, and deepening of the draft from 10.7 metres to 12.8 metres to allow higher-capacity ships at the east cost port in Tamil Nadu.

With this expansion in place, the capacity of the port would double from the existing 20.55 million tonne to 40.60 million tonne of cargo, the official said.

Of the total investment in the inner harbour, a major portion will be towards dredging, which is estimated to cost Rs 538 crore. Of this, Rs 350 crore will be funded by the port through its internal fund and the Centre will bear the balance. Dredging work is likely to be completed in 18 months, the official said.

Once dredging is completed, the port will be able to handle fourth generation container vessels with a capacity of 3,000 twenty equivalent units (TEUs) to 4,000 TEUs. Currently, the port can handle container vessels up to 2,000 TEUs capacity.

The port will also be able to accommodate vessels with a capacity of 70,000 DWT (dead weight tonne) from the current 50,000 DWT. The increase in capacity will also reduce per tonne cost by 10-15 per cent for a shipper, the official said.

The expansion project would create an additional capacity of 40 million tonnes by the end of 2012 and an additional four million tonnes would be added by 2017.

Though the current outlay for this project was estimated at Rs 4,350 crore, it might increase to Rs 6,000 crore, if it was delayed by four to five years, the official said.

Tuticorin Port handled 21.48 million tonnes of cargo during 2006-07, registering 14 per cent growth over 2005-06 when the port handled 18.70 million tonnes. While the traffic volume for 2007-08 is yet to be tabulated, the target for 2008-09 is set at 24.06 million tonnes.

## **18. 'BPO space has huge scope, needs new biz paradigm'**

The Hindu Business Line, June 10, 2008

*Nasscom stresses educational reforms, improved infrastructure*

Bangalore: 'BPO' may be a good catch phrase, but the industry is past the era of mere offshoring; today it is all about globalisation of services and achieving domain expertise and efficiency, said Mr Pramod Bhasin, Vice-Chairman, Nasscom (National Association of Software and Services Companies), and President and Chief Executive Officer, Genpact.

"The term 'BPO' has outlived its use. It doesn't represent the full depth and capacity of the industry and the types of services it offers. Today, it is important to build full scale services and an ecosystem around processes. The industry requires a combination of technology and process expertise. India one day will be known for delivering process and re-engineering expertise. There are unprecedented growth opportunities in this," said Mr Bhasin, at the two-day Nasscom BPO Strategy Summit held in the city on Monday.

### **Revenue watch**

The Indian IT-BPO revenue is set to grow by 33 per cent in the fiscal year 2008. Exports are expected to cross \$40 billion, while the domestic market will clock over \$23 billion.



The BPO industry alone is estimated to touch \$12.5 billion in 2008 and has the potential to grow five-fold by 2012. The industry today employs two million people directly and indirect job creation is seven-eight million. But shortage of adequate employable manpower is still a cause for concern. "We need about 200,000 more employable graduates in the industry. We also need to fight attrition," cautioned Mr Bhasin.

All this can be done only if the country "puts its act together in education reforms and infrastructure initiatives," urged Mr Bhasin. A private-public partnership is required to achieve this, he added.

In his address, Mr Ganesh Natarajan, Chairman, Nasscom, and Deputy Chairman and Chief Executive Officer, Zensar Technologies, listed out the BPO industry agenda on hand. The industry must look at harnessing opportunities in rural India, encourage reverse migration and adopt green IT practices, nurture creativity and provide opportunities for women to take up leadership roles.

Mr Jainder Singh, Secretary, Department of Information Technology, Ministry of Communications and Information Technology, stressed the need to create investment regions and the importance of moving up the value chain to stay globally competitive.

### **Operation locations**

At a press meet in the sidelines of the summit, Mr Som Mittal, President, Nasscom, said the industry body has, in a study conducted along with AT Kearney, identified 50 potential locations in the country that are attractive centres for BPO operations.

Apart from the seven main centres of Bangalore, Chennai, Hyderabad, Pune, Mumbai, Kolkata and NCR, the study has identified 43 more centres with varying degrees of attractiveness and advantages. They include Ahmedabad, Bhubaneshwar, Chandigarh (Challengers); Aurangabad, Bhopal, Goa (Followers); and Allahabad, Dehradun and Patna (Aspirants).

Nasscom is in the process of talking to State Governments and other parties concerned to develop these regions as BPO centres of excellence, said Mr Mittal.

It is also looking at international partners for the adoption of Green IT.

## **19. Bumper rise by 150 per cent in India's soyameal exports**

IBEF: June 10, 2008

New Delhi: Bolstered by a strong export demand and a record soyabean output, soyameal exports from India has increased by over 150 per cent. 3.06 lakh tons of soyameal was exported in May 08, against 1.21 lakh tons last year, in the same period. Stating the reasons for the growth in overseas sales, Soyabean Processors Association Co-ordinator Rajesh Agrawal said, "The soyabean crop size in the current season is 95 lakh tons. The good demand for export is continuing and the price parity is supporting exports from India."

Between October 2007–May 2008, exports grew by 31 per cent, to reach 40.8 lakh tons against 31.15 lakh tons in the same period in the previous season.

"We are confident of achieving the initial target of over 45 lakh tons of soyameal exports in the current season," said Agrawal. The Soyabean crop is harvested between October to September.

Presently, India is exporting soyameal at 438 dollars a tonne, he further added.

Vietnam and Japan have surfaced as the key Markets in the current season. With a rise of over 43 per cent, Indian soyameal exports to Vietnam stood at 10.46 lakh tons, whereas exports to the Japanese markets have increased by over 71 per cent, to reach 6.99 lakh tons.

During the first two months of the current fiscal, soyabean meal exports have risen by over 142 per cent at 8.56 lakh tons, against 3.53 lakh tons in the corresponding period last year.

## **20. Ludhiana's hosiery industry witnessing a boom**

The Economic Times, June 10, 2008

Ludhiana: India's largest hosiery industry at Ludhiana is witnessing a boom as it has created a place for itself in domestic as well as foreign market.

Hosiery shops here popularly called India's Manchester could not have asked for more. Owners of woolen garment factories including Priknit, Koutons and Knitware Club are enjoying huge profits.

Ludhiana accounts for nearly 90 per cent of the country's woolen hosiery industry. The increasing profit in this sector is luring more and more companies to make a debut in this field.

"It is almost 7000 to 10,000 crore rupees industry in the knitwear section. Markets trend today is towards retail only. So, every industry, which is going into retail, is booming," said Vijay Ghai, Managing Director, Priknit.

The hosiery goods of Punjab are in great demand not only across the nation, but also worldwide. This industry is a major foreign exchange earner for India and includes America and Russia among its clientele.

According to trade experts, the industry's growing popularity in the domestic market is primarily due to the growing spending power of the people in India.

"Today, if we talk of organised apparel markets, which is to the tune of 22, 000 crores and which is growing at the rate of three per cent per annum and will continue for the next five to seven years, that means there are lot of opportunities available in India itself especially Punjab who are self sufficient," said Balwinder Singh Ahluwalia, President, Koutons.

Ludhiana's hosiery industry is likely to surpass that of China in a race for global expansion with a large number of French buyer's preferring Indian products to Chinese.

Ludhiana plays a dominant role in Indian economy as it contributes substantially to exports.

## **21. Rosebys set for India foray**

Business Standard, June 10, 2008

New Delhi: Rosebys, the UK's largest home textile retail chain, which was acquired by Gujarat Heavy Chemicals in 2006, is set to foray into the domestic market this year with a slew of stores. Aimed to fill the gap between luxury and value segments, Rosebys will be positioned as a premium brand in the domestic organised home linen market.

The company plans to roll out the stores across the country. "We plan to open 700 stores over the next three years in metros and tier-2 and tier-3 cities," Nikhil Sen, director, Rosebys interiors India, told Business Standard.

Unlike its multi brand outlets in the UK, which are known as 'Rosebys Interiors', the stores in India will be single brand stores under the name 'Rosebys London' sporting a tagline - Inspiring your imagination. Apart from company owned stores, a major part of expansion will come through the franchisee route.

According to Sen, in India out of the Rs 15,000-crore home linen vertical, the organised sector accounts for only Rs 3,000 crore and is growing at an annual rate of 8-10 per cent, providing ample opportunity to a format like Rosebys.



Going by the new on-the-go culture in the country, the company is targeting working segment in the age group of 25-35 year in the country.

"We aim at providing affordable luxury for everyday lifestyle to people along with helping them save time and money and giving them a feel good environment. Our stores will be very approachable and will cultivate experiential buying in the country," Sen added.

Another growth opportunity the company has identified is gifting. "If something is good for you it is also good enough to be gifted and that change in psyche gives us a great opportunity," Sen said.

Like its stores in the UK, Rosebys India will provide complete home furnishings and lifestyle products from bedding, curtains to kitchen and children's room accessories. Rosebys, has over 320 stores across the UK and is one of the biggest home textile retail chain company in the UK.

While the major part of Rosebys products will be manufactured at GHCL's Vapi plant, the company also plans to source them from contract manufacturers in India and abroad.

## **22. Ranbaxy promoters sell stake to Daiichi**

11 Jun 2008, AGENCIES

NEW DELHI: In one of the biggest buy outs of any Indian company by an MNC, Japanese major Daiichi Sankyo has picked up the promoters - Malvinder Singh and Shivinder Singh's - 34.8% stake at Rs 737 per share in drugmaker Ranbaxy Laboratories.

This means complete exit of Ranbaxy promoters from the company. However, the senior Singh (Malvinder Singh) is expected to continue to head the management for sometime.

The Japanese company will also make a mandatory open offer, as per the Indian laws, to buy an additional 20% stake in the company. According to sources, Daiichi Sankyo plans to hold a controlling 51% stake in the Indian company.

The deal represents a major foray into the field of generic drugs by Daiichi Sankyo and would be the latest in a string of large overseas acquisitions by Japanese drug makers.

Shares in Daiichi Sankyo, best known for its high blood pressure medication Benicar and the experimental blood thinner prasugrel, ended nearly 5 per cent higher on early reports of a deal while Ranbaxy's shares were also up.

The total transaction value is expected to be worth between \$3.4 billion to \$4.6 billion, the companies said in a statement.

"There's a global move to generics and Japan's a bit behind on this," Mitsushige Akino, chief fund manager at Ichiyoshi Investment Management, said after reports of the deal.

"India is a large market but even more important is the fact that Ranbaxy operates in a number of other countries. That's the real merit," he said.

Malvinder Singh, chief executive of Ranbaxy, plans to meet the media at 1.30 pm IST.

The deal follows Takeda Pharmaceutical Co Ltd's acquisition of US biotech firm Millennium Pharmaceuticals for more than \$8 billion and Eisai Co Ltd's purchase of MGI Pharma Inc for \$3.9 billion.

Both Millennium and MGI Pharma are strong in cancer medicines.

## **23. Vedanta to invest \$20b in India**

11 Jun 2008, PTI

LONDON: Indian billionaire Anil Agarwal-led Vedanta Resources plans to invest about \$20 billion in India for expanding its metal, mining and electricity generation operations, a media report says.

The investment would be made in the next four years. Quoting Agarwal, a British newspaper said the planned \$20 billion investment was for organic growth only.

"... the \$20 billion planned investment was for organic growth only — the group's presence in emerging markets meant it could achieve high-growth by developing projects itself rather than by buying new assets," the report added.

"We are not looking for acquisitions except where we can add value," the newspaper said quoting Agarwal in an article published in its online edition. Vedanta plans to fund the development from a mix of cash and debt and already has \$5.5 billion in cash. In May, Sterlite Industries, the Indian subsidiary of Vedanta Resources, had announced the acquisition of US-based copper producer Asarco for an estimated \$2.6 billion.

The report said Agarwal is banking on growing demand for non-ferrous metals from India's automotive, power and consumer goods sectors to support group's expansion plans. According to the report, Vedanta has a targeted production of 1 MT each in its zinc, copper and aluminium operations.

"The company is planning to invest \$8.8 billion to meet these targets by expanding its smelting plants and mining operations for these metals, mostly in India," it added. In addition to its mines and smelters, Vedanta is building a network of commercial power plants with generating capacity of 10,000 MW, requiring investment of about \$10 billion, the newspaper said.

## **24. India is world's most optimistic nation for hiring: Manpower**

11 Jun 2008, PTI

NEW DELHI: India has emerged as the most optimistic nation in terms of hiring intentions across the world, but going forward the employment outlook seems challenging, global staffing services firm Manpower said.

"While employers in India continue to show optimism in their hiring intent, the impact of US slowdown has started showing its impact," Manpower India Managing Director Naresh Malhan said while releasing the latest Manpower Employment Outlook Survey.

Malhan further noted that "future trends would be challenging and the October to December quarter would be a testing time largely due to rising crude oil prices." India is expected to report the most bullish hiring plans in the July-September period, followed by Singapore and Peru as the global slowdown impacted the hiring intentions in these countries, he said. India has made a gradual upward movement since the last two quarters, as in the Manpower March quarter survey the country was at the second position while in the December quarter it held the third spot.

Of the 5,636 employers surveyed, 45% expect an increase in hiring activity in the third quarter of 2008, an increase of 6% on a quarterly basis and 7% on a year-on-year basis. The other top 10 most bullish nations worldwide include Poland (29%), Costa Rica (27%), Romania (26%), Hong Kong (26%), Argentina (25%), Taiwan (24%), Australia (23%).

"We believe the growth story of developing nations like India to remain firm as companies continue to invest in technology to drive their growth, fight global competition, cut cost and improve efficiencies and is reflective in their mood to hire despite the slump," Naresh Malhan further added.

Employers in all eight countries and territories surveyed across the Asia Pacific region anticipate positive hiring activity for the third quarter. Employers in India and Singapore are the most optimistic while companies in China and New Zealand reported the weakest forecast in the region.



## **25. Mumbai is 7th most active financial city**

11 Jun 2008, TNN

NEW DELHI: Mumbai, the financial capital of India, is ranked seven among the world's most financially active 75 cities in the world. The term financial active is determined through volume of equities, bonds, derivatives and commodities traded in the city. Mumbai has improved its position by 3 notches in 2008 vis-a-vis its rank in 2007.

However, in terms of overall ranking, Mumbai has been placed at 48th spot with London retaining the top slot as the global economy's most influential city, found a survey conducted by MasterCard Worldwide Research. Besides London, top five positions are occupied by New York, Tokyo, Singapore and Chicago. New Delhi and Bangalore are the two other Indian cities that have been included for the first time in the index and ranked at 61st and 66th positions respectively.

The results achieved by Mumbai, New Delhi and Bangalore demonstrate the increasing role that India is playing in the global commerce arena, said Manu Bhaskaran, head, economic research, Centennial Group, Singapore.

According to the research, the future appears to belong to Asia and Eastern Europe, whose cities represent the fastest rising regions within the index. The index, developed by a panel of social scientists, lists and ranks the top 75 centres of commerce based on seven measurement dimensions consisting of 43 indicators and 74 sub-indicators for each city.

Within the AsiaPacific, Middle East and Africa (APMEA) region, Mumbai was ranked 13 followed by New Delhi at the 18 slot and Bangalore 19 out of a total of 26 cities in the region, it said.

In a regional context, the report said, Mumbai finished third in the financially active dimension and 13 in both the economic stability and business centre dimensions while in terms of ease of doing business it stands at 22.

## **26. Reliance Retail opens 700 store in 2 yrs**

Business Standard, June 13, 2008

Mumbai: Reliance Retail, promoted by Reliance Industries, has opened 700 stores in 14 different formats in 60 cities of the country in the last two years of its operation.

Its food and grocery chain Reliance Fresh has 600 stores across the country.

"We estimate that our retail business will generate in excess of half a million jobs directly over the next five years, and many times that number indirectly," said Mukesh Ambani, chairman of RIL, at the annual general meeting (AGM) today.

Based on experience over the last twelve months, Reliance has organised its retail initiative to focus on product-market formats, Ambani said. "It has brought about cleaner and sharper business focus, positioned each format clearly in the minds of consumers and enabled partnerships with global leaders in each domain," he said.

## **27. D E Shaw plans \$200-mn education blitzkrieg**

Business Standard, June 13, 2008

Bangalore: D E Shaw, a global private equity firm with \$36 billion in assets, is understood to be planning around \$200 million investment in the Indian education sector by taking up strategic positions in companies offering e-learning, distant learning, vocational training and the like.

The PE major is upbeat on the sector following the ministry of education's estimate that the country needs to build close to 200,000 new K-12 (kindergarten to senior secondary) schools.

According to industry sources, the infrastructure must be set up within five years to provide education for predicted growth in student numbers and also the over 100 million children who are out of school. The government has called on the private sector to help fill this demand-supply gap.

"However, one of the principal supply side constraints for private schools is the access of educational infrastructure required for a new school and companies such as Educomp intends to target this gap," an industry source said. The spokesperson for D E Shaw could not be reached for comments.

D E Shaw is expected to leverage one of its portfolio firms, Excelsoft, as a vehicle for acquisitions in this sector in addition to making direct PE investments.

D E Shaw recently picked up 35 per cent stake in Mysore-based Excelsoft from UTI Ventures for \$31 million.

Excelsoft provides a range of customised learner-centric systems, test and assessment systems and desktop tools. The company adopts a product licensing approach on which services and consulting add value and stickiness.

"Excelsoft has created intellectual property in the area of e-learning technologies and combines its strengths in software development, instructional design and e-learning content development to deliver e-learning solutions," an industry analyst said.

This company has been keenly focusing on the test and assessment platform which are key enablers for universities.

Industry sources indicate that D E Shaw's next significant investment in this sector is expected to be in Manipal Learning, which is rolling out extensive initiatives.

This Bangalore-based firm has campuses in Karnataka, Sikkim, Nepal and Malaysia and is stepping on the accelerator for distance learning and vocational training programmes.

This company had earlier raised \$70 million from Capital International and IDFC Private Equity during the second half of 2006.

## **28. Mukesh aims to double size of RIL**

13 Jun 2008, TNN

MUMBAI: A decade ago, the Reliance annual general meetings were akin to legendary investor Warren Buffet's conferences. Even large venues would overflow with people and there would often be queues to get in.

On Thursday, at a popular hall in South Mumbai, perhaps deterred by the monsoon, shareholders were trickling in long after the meeting had begun. The venue eventually filled up as Reliance chairman Mukesh Ambani made his customary speech listing the company's achievements and future plans.

There was a familiarity about it all, except that journalists were expressly told that they wouldn't be allowed to attend the shareholders meeting. Nevertheless, some made it in.

Like every other time, Ambani spoke of big things. He spoke of doubling the size of his company with the commissioning of the new refinery and oil and gas production facilities. While the refinery is expected to go on stream this year, the stabilization of the new facilities is expected to happen in the next two years.



In the short term, Ambani said that the company would be focusing on smooth start-up and operations of historic projects that include, apart from the refinery, the retail operation in 700 cities and 6000 towns.

Today, Reliance has over 700 stores in the country, even lower than the 1000 Reliance Fresh that were to be opened last year. The shortfall is mostly because the company has had to curtail its rollout in states like Uttar Pradesh and Bihar on the back of opposition from small shop owners.

Apart from the retail roll out, Reliance put much of its money in the exploration and production business. It made a capital expenditure of Rs 19,503 crore in one year, its highest ever. Ambani expects that these investments will create immense value to shareholders in the years to come.

In the long term, Ambani has zeroed-in on two areas to invest. The first potential avenue, he said, was in fostering rural prosperity. As a part of the retail initiative, he expects Reliance Retail to create several rural hubs that will eventually engage the rural community in education, healthcare and community welfare services. Though Ambani did not elaborate, he said that the second potential avenue for growth and transformation is alternative energy, a natural extension of the current conventional energy portfolio.

## **29. RIL to be India's largest gas producer**

12 Jun 2008, PTI

MUMBAI: Mukesh Ambani-led Reliance Industries is all set to become the single largest gas producer in the country with more than 50 per cent market share, besides the Jamnagar facilities being close to claim the envious status of having nearly 2 per cent of the global refining capacity.

"Production of gas from KG-D6 and other oil blocks will catapult Reliance into the single largest gas producer in the country with more than a 50 per cent market share," company CMD Mukesh Ambani told shareholders of the company in Mumbai on Thursday.

"Besides development of KG-D6, the company will continue its ongoing efforts of exploration and development of various blocks," he said at the 34th AGM.

The high oil price environment and stretched refining systems would also benefit the company, he added.

"We expect this business segment to deliver sustainable long-term returns," Ambani said.

Besides, the company's Jamnagar facilities can boast of the envious status of having nearly 2 per cent of the global refining capacity with the commissioning of its new refinery adjacent to its existing one second half of the FY 2009.

"Our new refinery will be operational in the second half of FY 09. The completion of the refinery will increase Reliance's ability to process crude oil from 0.66 to 1.24 million barrels per day, equivalent to about 2 per cent of global capacity," Ambani said.

The 5,80,000-barrel-a-day refinery is being built adjacent to Reliance's existing unit of 6,60,000-barrel-a-day plant at Jamnagar.

"Almost two per cent of the global petroleum refining capacity would be in one location--Jamnagar," Ambani said.

The commissioning of oil and gas production systems will make Reliance one of the largest deep-water oil and gas companies in the world.

Ambani said that Reliance's efforts were now strongly focused on two projects--the development of the KG-D6 block and the implementation of the new refinery at Jamnagar, through its subsidiary RPL.

Ambani said that the company had 41 discoveries to date and an overall success ratio of 63 per cent. Its coal based methane (CBM) block in Sohagpur has a capacity of 3.76- trillion cubic feet. The East-West gas pipeline from KG-D6 will be completed by the year-end, he added.

Deep water exploration activities would be expanded with the additional of six rigs by second half of FY 2009.

"We have been allotted two blocks in Yemen, three in Peru and have gross, contingent reserves of five billion barrel oil equivalent. The gross reserves is accretive to target 10-billion barrels of oil equivalent, Ambani said.

Ambani also informed that Reliance will sell gas this year at USD 25 per barrel equivalent.

Reliance's two major deepwater fields were poised to come on-stream with a combined capacity of around 5,50,000 barrels of oil equivalent per day. This is about 44 per cent of India's current indigenous production, Ambani said.

At current crude oil prices of USD 135 per barrel, they imply an annual saving of Rs 1,14,000 crore in energy imports by India," Ambani said.

On its polyester business, Ambani outlined his growth strategy which included both greenfield investments and acquisitions.

"We will consolidate our position (in the polyester business) by pursuing greenfield investments and acquisitions in the entire value chain," Ambani said.

A new refinery at Jamnagar, expected to be operational in six months, would add a further 9-lakh tonne per annum to the company's polypropylene capacity.

### **30. India to build 43 new IT cities in 10 yrs**

The Times of India, June 16, 2008

New Delhi: The IT industry's footprint looks set to expand beyond its existing homes.

Faced with a challenge from upstarts threatening to erode India's low-cost appeal, the government is planning to build 43 new information technology cities across the country to retain its top dog status in the business and to be in a position to tap the huge surge in demand for IT-enabled services over the next 10 years.

The move comes at a time when the rising infrastructure and employee costs in big cities is threatening to blunt India's crucial cost advantage.

While India has held on to its pre-eminent position, its IT and BPO companies are losing their global cost advantage with the emergence of countries like Vietnam and the Philippines, which offer similar services at cheaper rates and are threatening India's status as the world's back office.

As the allure of BPO jobs goes down and attrition rates go up, companies are increasingly finding it difficult to recruit quality employees in the big cities. Also of concern is infrastructure constraints in Bangalore, Gurgaon and elsewhere.

The plan to build brand new towns is designed to address some of these issues. It is felt that these new towns will provide a steady supply of workers besides being specifically geared towards the needs of the IT and BPO sectors.

The proposal, suggested by a high-level group on service sector, has been cleared by the Planning Commission. "The modalities for the ambitious plan will be finalized very soon," a source said.



According to the plan, each IT city will be set up in an area of more than 500 hectare. The cities will altogether generate employment for around 3.5 million people by 2018.

The proposal is to create self-contained satellite townships with commercial space for renting and a commensurate increase in residential accommodation, education, healthcare, retail and recreational facilities.

"Improvement in infrastructure is very important to ensure the continued competitiveness of IT and BPO industries," an official said while explaining the rationale behind the move.

At present, the major volume of IT-enabled services is concentrated in seven cities - Bangalore, Chennai, Mumbai, Hyderabad, Kolkata, Gurgaon and Noida. Government estimates point out that 95% of the IT and BPO service industry is in these cities, with around 36% of services concentrated in Bangalore alone.

According to officials, the IT and BPO business in the country is likely to grow by 2.5 times in the next 10 years. The growth cannot be absorbed in major cities.

As infrastructure in major cities is already under tremendous strain, the IT sector has started migrating to smaller cities. However, the volume of business in the IT sector likely to come to India is huge which even tier II & III towns are unlikely to handle, considering poor infrastructure.

Under the ambitious proposal, the government plans to shift 40% of the business to the upcoming 43 cities by 2018.

The new towns will be properly planned and laid out and endowed with modern infrastructure and good connectivity to the big cities and airports.

These townships will have residential and work areas with all essential services - water supply, power, civic amenities, health, education, transport and entertainment - to meet the civic and commercial needs of the workforce.

The Centre has sought the support of state governments in facilitating creation of these new towns. The proposal suggests that the towns will be developed by private players and state governments will ensure trunk services like electricity, water supply, sewage and drainage.

## **31. Toyota has big plans for India**

The Economic Times, June, 16, 2008

Nagoya: Japanese automobile giant Toyota Motor (TMC) is all set to explore new initiatives to strengthen its hold in the Indian market. "Next month, I am going to India to make some announcements. It will be a stepping stone to tap the huge market there," TMC senior managing director Dato' Akira Okabe told ET on the sidelines of the Indian and Indonesian journalists meet here on Thursday.

Mr Okabe said he would meet the top Indian officials to appraise them about the company's issues and priorities. When asked about launching the company's hybrid vehicles in India, Mr Okabe said that at the moment we are zeroing in on the markets in Australia and Thailand.

Subsequently, we will go further in the Indian market, he said. TMC is already producing hybrid vehicles in United States and China.

Hybrid systems can contribute to cleaner emissions, lower Co2 emissions and increased fuel efficiency could be a good substitute to the sky rocketing petrol and diesel vehicles.

The company in its Toyota Environmental Forum held in Tokyo on June 11, while unveiling an action plan for contributing to the realisation of a low carbon society, had said that its aim is to achieve the target sale of one million hybrid vehicles annually as early in 2010.

In its press release, TMC said that it will introduce E85-compatible flexible-fuel Tundra and Sequoia in North America this year. Flexible fuel vehicles are specially designed to run on either gasoline alone or on a blend of gasoline and ethanol.

By 2010, TMC will introduce a plug-in hybrid vehicle equipped with a lithium-ion battery, geared towards fleet customers in Japan, US and Europe. The plug-in hybrid vehicles can be used as electric vehicles for short trips and as conventional hybrid vehicles for travelling longer distances. Its verification tests are currently being conducted in Japan, US and Europe, said TMC in its release.

According to TMC, the worldwide cumulative sales of its hybrid vehicle, Prius, had reached 1 million units in April 2008 and the global cumulative sale of hybrid vehicles had reached 1.5 million in June this year.

## **32. Spielberg, Anil Ambani group near deal**

18 Jun 2008, REUTERS

NEW YORK: Movie studio DreamWorks SKG is close to a deal with Anil Dhirubhai Ambani Group to form a new movie venture, the *Wall Street Journal* reported on Tuesday, citing people familiar with the talks.

The *Journal* said a deal with Reliance would give movie director Steven Spielberg the cash to finance his DreamWorks team's departure from Viacom Inc's Paramount Pictures later this year.

Reliance would provide Spielberg and company with \$500-\$600 million in equity.

The *Journal* reported that the ADAG and the DreamWorks founders will form a new movie company, which will make about half-a-dozen films every year.

## **33. Pharma major Biocon plans unit to make tablets**

18 Jun 2008, Anshul Dhamija, TNN

BANGALORE: Biopharma major Biocon is planning to set up a dedicated greenfield facility to manufacture tablet formulations.

The Bangalore-based company currently outsources this activity. Biocon is in the tablet formulation market in a small way now across the nephrology, diabetology, cardiology and oncology verticals.

This segment accounts for about 10% of Biocon's revenues, which it hopes to more than double to 25% in the next three to four years with its own manufacturing facility. Biocon manufactures its own injectable formulations across all bio-pharma verticals that it operates in.

TOI had reported in April that Biocon was looking at manufacturing tablet formulations at its upcoming facility in Visakhapatnam.

Speaking to TOI this week, Kiran Mazumdar Shaw, CMD of Biocon, said, "We are looking at manufacturing our own tablet formulations, but it definitely won't happen at the new facility in Andhra Pradesh. We are planning to set up a greenfield facility for this purpose which will be finalized only in the next fiscal."

According to analysts, this move will widen the company's base in the branded formulations market. Mazumdar said the facility would require an investment of a few hundred crore.

## **34. Indian KPO to become a US\$ 10 billion industry**

IBEF: junho 18, 2008

New Delhi: According to a report on the "Future Course of KPO Industry", the Indian Knowledge Process Outsourcing (KPO) is estimated to become a US\$ 10 billion industry by 2012, from the current size of US\$ 4 billion.

Further, the industry which has been growing at around 15 per cent in the last few years is likely to accelerate with a growth rate of 25–27 per cent, provided a strong chain of qualified professionals is built, which would open up the field for biotechnology and nanotechnology experts.

"There is need to create a new pool of KPO workers from emerging domestic knowledge-based industries such as biotechnology and nanotechnology as a large number of talented young people have joined academic courses for career excellence in these two areas", says Assocham president Sajjan Jindal.

He further adds that, "In India, the KPO industry is banking on availability of this talent pool to fill up its seats, but now they are facing a supply crunch".

The report, "Future Course of KPO Industry", has been prepared by the Associated Chamber of Commerce and Industry of India (Assocham).

As per the Assocham estimate, the Indian KPO industry would employ over 1,00,000 people by 2012 as against the current number of 4,000, thereby requiring a vast pool of highly educated professionals across various fields like engineering, medicine, management, accountancy and law.

One factor that is favourable to this industry is the fact that, it has a greater potential to attract professionals than the Business Process Outsourcing (BPO) industry, as it provides higher earning opportunities. Salaries are typically 12–15 per cent higher in the KPO industry compared to the BPO industry.

The industry association also suggests the domestic KPO industry to tighten its service level agreements to provide quality services and enter into partnerships with big financial services to boost their revenues.

## **35. Food Grain production grows by 10-12 mn tonnes: Govt**

The Financial Express, June 18, 2008

Coimbatore: Despite pessimism about the growth in the agriculture sector, India has achieved a record foodgrain production of 227 million tons in 2007-08, registering a growth of 10 to 12 million tons over the previous fiscal, a top official said.

With an addition of two to three million tons during the Rabi season, it would touch 230 million tons, which certainly would be a milestone in foodgrain production, Agriculture Secretary P K Mishra said.

There seemed to be a revival in the sector, as 4-4.23 per cent growth has been recorded for the last two years, compared to two per cent from 1994 to 2004, he said.

The growth was not only in foodgrains, but also in cotton and sugarcane over the last two years, which has to be sustained for another three to five years, Mishra, said while inaugurating a two-day 'Stakeholders' workshop on supply chain management on agricultural commodities.'

Production in horticulture sector was also expected to be doubled by the end of 11th plan period, he said and cautioned that this growth would definitely throw up new and complex challenges of finding suitable market for the surpluses and strengthening/development of supply chains to avail tangible benefits out of this development.

## 36. India to play a key role in Qatar Airways' growth strategy

The Hindu Business Line, June 18, 2008

*Daily flights from Doha to Kozhikode launched*

*Bullish on potential*

*India is by far the largest single market for the airline with a network of nine cities.*

*The airline is eyeing more opportunities and is looking forward to opening up further routes to give the travelling public to and from India more choice.*

Kochi: Qatar Airways has spelt out plans to expand its presence across India as part of a long-term commitment to one of the fastest growing economies in the world.

Announcing the launch of daily flights from the airline's Doha hub to the southern city of Kozhikode, the Chief Executive Officer, Mr Akbar Al Baker, said the airline currently operates 58 flights a week to India, including daily scheduled services to Delhi, Mumbai, Chennai, Ahmedabad, Kochi, Thiruvananthapuram, Hyderabad and Kozhikode, along with a twice-weekly operation to Nagpur.

### **Special ties**

Addressing a press conference at Kozhikode, Mr Al Baker said that the growth of Qatar Airways was the result of close cooperation between the Governments of Qatar and India and it had ensured that air travel between the two countries remained robust.

"Our countries have enjoyed a special relationship for many years - a relationship that has come to fruition with air access gradually being stepped up between the two countries. This has enabled Qatar Airways to fly to more destinations across India and I am delighted that we are able to spread our award-winning Five-Star services to yet another city on the global map," he said.

### **Huge potential**

Stressing the importance of India in the airline's growth strategy, he pointed out that India today is by far the largest single market for Qatar Airways with a network of nine cities which represents more than 10 per cent of the airline's global network of 83 international routes. It is eyeing more opportunities in this huge market and was looking forward to opening up further routes to give the travelling public to and from India more choice.

For passengers from Europe, West Asia, Africa and North America, Qatar Airways offers a wide choice of convenient connections to India. The airline currently operates a fleet of 62 Airbus and Boeing aircraft to 83 destinations worldwide, including the Far East and the Indian subcontinent.

### **Fleet expansion**

Qatar Airways' plans to take delivery of its third Boeing 777 aircraft this summer, which will be the start of an aggressive fleet expansion programme over the next few years with an average of one aircraft joining the airline every month.

Deliveries will include the airline's first Boeing 777-200 Long Range version from November 2008, which will be capable of flying non-stop to any key international business and leisure destination from Doha. The airline currently has outstanding orders for more than 200 aircraft worth over \$30 billion.

Following the success of non-stop flights between Doha and the southern Chinese industrial city of Guangzhou launched in March, the Kozhikode leg will be the second route launch in 2008. Starting November, Qatar Airways is to begin scheduled flights to Houston, which at 17 hours will be one of the longest non-stop flights in the world operating from Doha.

### **37. LG to expand its manufacturing hub in India**

The Financial Express, June 18, 2008

Singapore: South Korean technology major LG Electronics on Tuesday said it will be expanding its handset manufacturing facility in India, which exports mobile phones to overseas markets, in the coming months.

The company would soon be exporting mobile phones from India to European countries and Commonwealth of Independent States (CIS). However, details on financial plans and capacity were not disclosed.

"We are planning to expand our manufacturing facility in India to increase the export of handsets. In the near future, the firm will be exporting mobile phones to European countries and CIS," Bo H Choi, Vice President/Regional Business Leader (Asia Pacific Region), Mobile Communication Company of LG Electronics said.

However, we are not in a position to disclose details about capital infusion," he added, while interacting with reporters after the launch of LG's latest mobile phone 'LG Secret (KF750)' at 'CommunicAsia2008' conference in Singapore.

Plans are also on the anvil to expand LG's line of mobile accessories such as blue tooth and ear phones.

LG has manufacturing hubs in China, Brazil and Mexico apart from India.

The facility in India located near Pune exports handsets to countries in the Middle East, Africa and Asia and also manufactures mobile phones for the local market.

Further, LG is expecting to record higher sales of mobile phones in 2008. "Last year, LG sold about 80.5 million handsets and we are looking to sell more than 100 million units by the end of this year," Choi said.

### **38. Medical devices, the next big step for semiconductor makers**

livemint.com, June, 18, 2008

#### **Industry leaders say the sector offers unique opportunities in India, which has the capability to address the need**

Bangalore: Semiconductors, silicon chips that run mobile phones, game consoles, photo copiers, television sets and almost all other electronic devices are in search of a saviour-a killer application that can maintain its magic run that began with the personal computer and consumer electronics booms in the 1990s.

And, it seems, medical applications-growing at 12% annually, higher than any other semiconductor application, according to market research firm Databeans Inc.-could well be the knight in shining armour.

"The industry is looking for the next big thing; everybody is searching to find efficiencies in their businesses-improve productivity and reduce cost," says Jaswinder Ahuja, corporate vice-president and managing director of Cadence Design Systems India Pvt. Ltd and chairman of industry lobby Indian Semiconductor Association (ISA).

For these reasons, even though medical semiconductors comprise just about 1% of the global industry-and projected to reach \$266.6 billion (Rs11.4 trillion) this year, according to the Semiconductor Industry Association, a US grouping-ISA assigned medical electronics top priority at its

annual summit earlier this year. Ahuja says the sector offers unique opportunities in India, which has the need as well as the capability to address it.

The industry has begun chipping at the opportunity. Texas Instruments Inc., or TI, recently unveiled a new class of chips for portable to high-end ultrasound diagnostic equipment, which the company says allows better image quality and reduced power consumption.

In April, TI signed an agreement with the Indian Institute of Technology (IIT), Kharagpur, to develop semiconductor technologies for health-care applications—the first association for the company with an IIT in this area, according to Biswadip Mitra, managing director, TI India.

GE Medical Systems Information Technologies Pvt. Ltd in Bangalore is currently evaluating this chip for its forthcoming portable ultrasound products, for India as well as the global market.

GE recently launched a portable electrocardiograph, or ECG, machine that gives results at as low as \$1 compared with \$25- \$100 otherwise.

The second biggest medical semiconductor supplier, STMicroelectronics NV (ST), has virtually built a “technology toolbox” to facilitate convergence of semiconductor and health care industries.

Using technology that was originally developed for ink-jet applications, it recently unveiled a “lab-on-a-chip platform” called In-Check, whose first product, in collaboration with a Singapore firm Veredus Laboratories Pvt. Ltd, is an avian flu diagnostic test.

“India is one of ST’s most important centres for design and will play a major role as ST expands its offerings in healthcare,” says Michael Markowitz, director of technical media at ST. The In-check platform is now being used to develop other molecular tests, he adds.

Such diagnostics are made possible by what are called system-on-chips, or SoCs, where all the components of the traditional printed circuit boards are integrated on a single chip.

Freescale Semiconductors India is active in this space and has some “work in progress” which it is not ready to disclose yet. But its president and country manager Ganesh Guruswamy agrees that there’s plenty of innovation that Indian engineers can bring in the design while driving the cost down. “We can integrate more stuff, for instance if two-three chips are used for sensing, we could use one; or even add video processing,” he explains. It’s an emerging market and everybody is studying it, he says.

The Western world has started to look at medical applications as the next big opportunity as the phone and automotive markets are getting saturated and fast turning into commodity-like businesses. In India, these sectors are still driving the industry, but experts say it would be prudent to get started early on.

To the extent Indian engineers and semiconductor companies are already proving themselves to be the chip design houses of the world, medical applications, even if challenging, might just need priming the existing pump, some experts say.

According to a report jointly prepared by technology researcher International Data Corp. and ISA and released in April, the Indian design market was worth \$6 billion in 2007 and is estimated to grow at 21.7% annually in the years to 2010, more than three times the global growth rate.

The intensity of design and testing work involved in chips associated with medical applications, for instance, makes such development a good fit for India. Custom design companies such as Cadence say biomedical devices also use a significant number of radio frequency, or RF, and analog-mixed signal components—both areas that are design-intensive.

In short, “chips should be designed to have high levels of sensing functionality and configurability,” says Poornima Mohanachandran, director of medical business development at TI India. “We see medical electronics as the next growth engine, particularly in a country like India,” she says.

Telemedicine, tele-diagnostics and other remote ways of taking medical help to rural areas are some of the uses that she thinks have vast scope here in India.



Intel Technology India Pvt. Ltd's Sanat Rao, marketing director for the company's embedded market division, thinks medical imaging is another area that places India in a strong position.

From traditional applications such as ultrasound machines, magnetic resonance imaging and computed tomography scans to emerging ones such as home health monitoring, ECG machines with easy and common interfaces with computers and other devices, automated pathology equipment, India offers tremendous growth opportunities.

"We see several original equipment manufacturers developing products for the Indian market," says Rao.

While leaders such as Intel and TI are betting big on embedded chips and dual core processors (a new technology that increases the speed of computing in electronic devices), smaller players such as Open-Silicon Inc., an application specific integrated circuit provider, think their offerings, particularly with radio and medical analysis capability, will play a big role.

Whether the medical chip sector will get divided in battle lines the way graphics chips today are trying to outflank each other in price and performance is a question that will need an answer a few years down the road when health care becomes accessible to a larger population. Currently, just about a third of India's population has access to hospitals, according to the country's drug prices regulator National Pharmaceutical Pricing Authority.

Still, as of now, the challenge for the industry, according to ST's Markowitz, is mastering a "knowledge network" that includes expertise in physiology, biology, chemistry, and regulatory issues that "semiconductor companies have little experience with".

The other catch is affordability. While features in medical applications are certainly an advancement over what is required for most commercial applications, pricing the products within the consumer's reach remain a challenge.

It is for this reason that some of the leading firms in this area may not look at India and developing countries seriously for technology-intensive opportunities such as SoCs, fears Chandrasekhar Nair, founder director of Bigtec Pvt. Ltd, a biotechnology company that is currently testing a SoC-based handheld diagnostic device in Hyderabad. "This is also possibly because the Indian market is very price-sensitive," he says.

The developers could then emerge locally because India can serve as a proxy for the entire developing world.

"I am excited about how Indian players will step up to address the needs of the market, which is going to be the biggest growth driver not only for India but the global industry," says Cadence India's Ahuja.

### **Semiconductors in medical applications (Source Mint research)**

- Smaller, lighter, and cheaper electronic devices like CT and MRI scanners, ultrasound and ECG machines
- Devices for drug dispensation like insulin pumps
- Implants for tissue repair; for example, deep brain stimulator for Parkinson's disease
- Monitoring devices like glucometer, blood pressure meters
- Automated pathology equipment that do blood tests, clot detection, test for diseases such as hepatitis, avian flu, malaria, et al. For instance, GE and University of Pittsburgh Medical Center are developing a 'virtual microscope' that would let clinicians analyse slides from computer monitors and share their results with an expert anywhere in the world

## **39. India plans series of investment pacts**

Business Standard, June, 19, 2008

New Delhi: India today signed a bilateral investment promotion and protection agreement (BIPA) with Syria, and is in the process of signing similar pacts with a host of countries.

The pact was signed between External Affairs Minister Pranab Mukherjee and Syrian Minister of Economy Amer Housni Lutfi.

While negotiations with some countries have been concluded, talks with some others are at an advanced stage. Sources say India will sign its 72nd BIPA with Myanmar this month.

"Minister of State for Power Jairam Ramesh will visit Myanmar to sign the agreement," said a senior government official. Bilateral trade between the two countries stands at around \$1 billion.

Discussions for similar agreements are also going on with the US and Colombia. Two rounds of talks with the US have ended. The latest talks were held on June 11-13.

"The US wants the most favoured nation and pre-establishment status under which if a US investor suffers a loss in the process of establishing his business in India, he will be compensated through a court of law. However, no agreement has been reached on these issues so far," said the official.

BIPA is aimed at assuring investors that their foreign investments will get fair treatment and legal security.

The agreement is initially valid for ten years and thereafter continues indefinitely till either of the country terminates it. In the event of termination, investments made prior to the move continue to enjoy the provisions of the agreement for at least 15 years.

## **40. Tata Communications signs stake deal with Chinese company**

The Economic Times, June, 19, 2008

Mumbai: Tata Communications (TC), formerly VSNL, has acquired a 50% stake in telecom and IT services firm China Enterprise Communications (CEC) for an undisclosed amount.

Beijing-based CEC is a value-added telecom services and integrated IT solutions provider. It has a nation-wide virtual private network (VPN) service licence and its network is spread across the country.

The joint venture, signed through TC's subsidiary, Tata Communications International, will provide networking service to MNCs in China as well as domestic enterprises there.

"Emerging markets is a focus area for TC. China is a market we have been exploring for over a year now. We entered into a commercial relationship with China Enterprise Netcom Corporation (China Entercom) earlier this year. Our intention now is a strategic entry into that market, which is considered bigger than India for broadband and other services," TC's senior vice-president (corporate strategy) Srinivasa Addepalli said at a media briefing in Mumbai.

Without disclosing financial details, he said: "It is a modest investment compared to the kind we have been making. This opens up a new market for us."

On the BSE, Tata Communications scrip closed at Rs 421 on Wednesday, down 2.83%.

In February, TC had said it would expand its global VPN to China through a network-to-network interface (NNI) agreement with China Entercom, another value-added telecom services and integrated IT solutions provider.

The Tatas-owned firm has announced a capital expenditure of \$2 billion spread over the next three years. The investment would be across its submarine cable business, broadband expansion, building



data centres and enhancing managed services capabilities. A large part of the capex is targeted at emerging markets, including China and South Africa, where TC has a 26% stake in Neotel.

CEC is a non-facilities based service provider and leases last mile from other players. It also has licences to provide internet access. "TC has most of the products available in India and elsewhere. We can take our products to the Chinese market. This also fits into our strategy of creating differentiation in emerging markets," said TC managing director & CEO, N Srinath.

The Chinese telco employs around 120 and has 19 points of presence within China. It provides VPN connectivity to 347 cities in China, complementing TC's VPN presence in 120 Indian cities, besides 19 major business capitals in North America, Europe and Asia.

"CEC has done good work in the IP-VPN market and we bring complementarity to CEC's abilities. We are tunneling a lot of business to them through our global customers," said Mr Addepalli.

Chinese state financial conglomerate, CITIC Group, is the majority shareholder in CEC. Government-owned Assets Supervision and Administration Commission (SASAC) and CE-SCM are the other shareholders.

## **41. Citrix plans to open second R&D centre in Bangalore**

IBEF, June, 19, 2008

New Delhi: The NASDAQ-listed Citrix Systems Inc., a global leader in application delivery infrastructure, plans to open its second R&D facility, with US\$ 200 million worth of investment, in Bangalore over the next five years.

The new 110,000 square facility is expected to house 500 engineers in the next five years, who will be performing core development across the Citrix Delivery Centre product line.

According to David J Henshall, Senior Vice-President and Chief Financial Officer, Citrix Systems, "It will enhance Citrix's ability to create synergies across its various product lines by tapping into the growing pool of engineering talent available in India".

The new facility would handle all aspects of research including design, coding, functional testing, documentation, engineering, management and escalation. Besides, it will also work in the areas of multi-media and voice-over IP technologies, 3-D graphics, application networking, desktop and application virtualization.

Further, the centre would provide sales and technical support to customers, and offer market analysis, testing and quality assurance. According to Mr. Henshall, in the next five years, the company is aiming to double the share of Asia Pacific region in the company's overall revenue, from the current level of 10 per cent.

## **42. Jaguar-Land Rover launches major recruitment drive**

19 Jun 2008, PTI

LONDON: Tata owned Jaguar-Land Rover (JLR) has announced a major drive to recruit 600 engineers and technical staff to work on its 700-million-pounds projects to develop a new generation of cleaner and more eco-friendly vehicles.

The initiative comes only weeks after JLR was bought by Indian car giant Tata Motors from Ford for 1.5 billion pounds but the former is not directly involved with the project though it approved the new plan.

"This recruitment drive demonstrates Jaguar Land Rover's confidence in our future. With our new owners, we have entered an exciting era with stunning new models and ambitious technologies," newly-appointed chief executive David Smith said yesterday.

The company has invested in sustainable technologies to meet EU emissions target and was looking for experienced, degree-educated engineers to work on a variety of "ground-breaking" projects.

Most of the jobs will be based at the group's development centre in Gaydon, Warwickshire.

Besides, there are a "significant number" of vacancies in its purchasing, finance and human resources departments. It is also launching a programme aimed at recruiting more than 80 graduate trainees as well as 60 apprentices under an Advanced Modern Apprenticeship scheme announced in March.

The company did concede, however, that it would have to "spread our net fairly widely" to meet its engineering numbers and did not rule out recruiting abroad, including in India.

### **43. New manufacturing policy by year-end**

#### **Business Standard**

India is likely to implement a manufacturing policy by the end of this year to counter cheap imports and boost competitiveness of the manufacturing sector, which currently contributes nearly 16 per cent to its GDP.

At present, the country has the National Strategy for Manufacturing, released in March 2006, which reflects the intent of the government on formulating policies for the manufacturing sector but is not binding on the ministries.

A manufacturing policy will mean that ministries like finance or commerce will have to align their policies. A high-powered group headed by National Manufacturing Competitiveness Council (NMCC) Chairman V Krishnamurthy will submit a report in the next 10 days, recommending measures to boost productivity in the manufacturing sector. "These measures will lead to a new manufacturing policy, hopefully by the year-end," said Krishnamurthy today on the sidelines of a function hosted by Punjab National Bank and Infrastructure Leasing & Financial Services Ltd here.

Concerned over the tapering growth in the manufacturing sector in 2007, Prime Minister Manmohan Singh had set up the group this January. The manufacturing sector grew by 8.6 per cent in 2007-08 against 12.5 per cent in 2006-07 due to high interest rates and cheaper imports caused by appreciation in the rupee against the dollar.

The group includes secretaries of departments of finance, revenue, commerce, textiles and industry. Key recommendations of the group could include easing of FDI norms for small-scale sector as well as norms for increasing access to institutional credit for the SMEs. The present, 95 per cent of the SMEs do not get credit, and yet account for 40 per cent of the manufacturing sector. As a result, the SMEs are not able to compete with international products that enter the country. In fact, rising imports of manufactured and finished goods has emerged as a concern for NMCC as well as the high-powered group. For instance, 80 per cent of Indian exports to China consist of raw materials, while 75 per cent of imports from that country comprise imported goods.

"India needs to be an exporter of finished goods rather than raw material. This will result in value-addition within the country," said Krishnamurthy.