

## Newsletter, 5-IV-2010

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#### **A: ENTREPRENEURSHIP; DEVELOPMENT; GENERAL ITEMS**

##### **1. Tens of millions to benefit from India's Right to Education Act – UN agencies**

Three United Nations agencies are hailing what they described as a “ground-breaking” new act that legalizes the right to free and compulsory education for all children between the ages of 6 and 14 in India.

The UN Children's Fund (**UNICEF**) estimates there are eight million children in this age group, mostly girls, who are out-of-school in India. “Tens of millions of children will benefit from this initiative ensuring quality education with equity,” said UNICEF Representative in India Karin Hulshof. The Right to Education Act will “propel India to even greater heights of prosperity and productivity for all guaranteeing children their right to a quality education and a brighter future,” she added. UNICEF, along with the UN Educational, Scientific and Cultural Organization (**UNESCO**) and the International Labour Organization (**ILO**), pointed out in a **news release** that without India, the world cannot reach the Millennium Development Goal (MDG) of having every child complete primary school by 2015.

##### **2. India can surpass US economy in three decades: Economist**

Former senior advisor and a director at the World Bank, Harinder Kohli, said India's average per capita income would jump 22 times from \$940 two years to \$22,000 in 30 years from now, in that scenario. “India's footprint in global economy will go to more than 17% in 2039 from less than 2% in 2007”. But he underlined that it can become a reality if the current economic growth momentum is sustained in the next three decades. “It (India's becoming the world's second largest economy and related indicators) could happen if things go well. That if all goes well”.

##### **3. Economy to grow 9.2% in 2010-11: CMIE**

In the fourth-quarter, it is estimated to have grown by an “impressive” 8.4, the CMIE report said, adding during the first three-quarters of the past fiscal, real GDP grew by 6.7% compared to 7.1% in the same period of 2008-09. “The growth in 2009-10 would be driven by the rise in GDP from the industrial sector including construction, it said,” adding, “we estimate that the industry sector would have grown by 9.4% in 2009-10, with the manufacturing segment clocking a robust 10.3% growth.” Real GDP from mining and quarrying is estimated to have grown by 10.3% in 2009-10, on top of a

9.7% growth in 2008-09.

#### **4. Larsen & Toubro expands nuclear footprint with Rolls-Royce joint venture**

Larsen & Toubro's (L&T) heavy engineering skills have already made it the partner of choice for the nuclear power reactor manufacturers that are eyeing the Indian market. Industry leaders Westinghouse-Toshiba and GE-Hitachi of the US, AEC of Canada, and Rosatom of Russia have already signed Memoranda of Understanding (MoU) to partner L&T in building reactors in India. Today, L&T expanded that potential role, signing an MoU with the UK company Rolls-Royce to collaborate in nuclear instrumentation and controls, reactor components, in-service reactor support and waste management. L&T will obtain these capabilities for light water reactors, which currently comprise 60 per cent of the world's installed nuclear capacity.

#### **5. India is an interesting place for doing business, Lakshmi Mittal**

"We do not plan to move our operations from Europe but clearly ArcelorMittal's ratio of businesses will move more towards developing economies. "We will build new plants there and we will grow those businesses faster than those in Europe and North America. For us, the most interesting places to be will be India and Brazil," Mittal said. In February, Mittal had said the company is "anxious" to start work on its proposed new projects in India, which entail an estimated investment of Rs 1.3 lakh crore. ArcelorMittal has planned to set up three steel projects in India, including one each in Jharkhand and Orissa, at a cost of Rs 50,000 crore each (\$11 bn).

#### **6. 470,000 students take IIT-JEE entrance**

Nearly 470,000 students today appeared in the IIT-Joint Entrance Examination for admission to prestigious 15 IITs, ISM Dhanbad and IT-BHU. The number of candidates has gone up to 472,000 this year against 400,000 candidates last year, Prof T S Natarajan, Organising Chairman, JEE 2010, said. The students qualifying the test will be eligible for admission into B.Tech programmes in these institutes offering over 10,000 seats.

#### **7. C. K. Prahalad, A scholar who lived his theories**

CK Prahalad had the wisdom and humility that is the hallmark of a thought leader. He was a teacher and scholar par excellence and worked closely with CEOs both to change the way they thought as well as to learn from them about the most pressing and salient questions worthy of further research. Without a compelling strategic intent, Ratan Tata, Dr Muhammad Yunus, and Narayana Murthy would not have unlocked entirely new spaces. CK lived his theories. Even as a doctoral student, he had a very nice home and had a comfortable life.

#### **8. India to receive \$4.5 million US assistance to fight terrorism**

"Under our FY 2011 request, India's ATA bilateral budget would almost double, to \$4.5 million, to meet the increasing political will on the part of the Indian government, which has requested more and higher-level training in the aftermath of the Mumbai attack," Benjamin said. Anti-terrorism assistance or ATA continues to be US's flagship counter-terrorism law enforcement capacity-building programme, and its partner nations have registered several concrete successes over the last year, he said.

### **B: IT; ITES; R&D; TELCOS; TOURISM & HEALTH T.; SERVICES**

#### **9. India's drug market to be worth \$50 billion**

India is likely to be one of the top 10 drug markets in the next 10 years and will be worth at least \$50 billion (Rs2.2 trillion) by then, a report has predicted. The country is now the 14th largest market in the world with annual sales of \$19 billion as of March 2009. The report by consultancy company

PricewaterhouseCoopers (PwC)—“Global pharma looks to India: Prospects for growth”—says Indian industry is likely to become a competitor to global drug makers in certain areas and a potential partner in many others such as contract manufacturing, clinical trials and drug research. The report noted that India has “considerable contract manufacturing expertise, and leadership in the production of generic or off-patent drugs and vaccines”. India already produces at least 20% of the world’s generics.

### **10. Biocon buys out Cuban firm in JV, hopes to break even in 5 yrs**

Biocon Ltd, the Bangalore-based biotechnology company, is taking full ownership of its subsidiary, Biocon Biopharmaceuticals Pvt Ltd (BBPL) by buying the remaining 49 per cent stake held by its Cuban joint venture partner, CIMAB SA. Biocon declined to spell out the price of this stake, but asserted that it would not impact its bottom line in this quarter. CIMAB SA is a global player focused on the commercialisation of biopharmaceutical products, specially monoclonal antibodies and other recombinant proteins, for the diagnosis and treatment of cancer and other diseases related to the immune system.

### **11. US revival to give a boost to Indian IT companies**

The estimates are little lower when adjusted for cross-currency fluctuations but that does not reduce the level of optimism they convey. According to estimates of Forrester, growth in global IT purchases in segments including software, IT consulting, and systems integration, and IT outsourcing in 2010 will more than compensate for the declines witnessed in 2009. The good news for Indian IT exporters is that various sectors in the US economy such as finance and insurance, utilities and telecommunications, manufacturing, and healthcare are expected to spend more on IT in 2010. In 2009, these sectors had cut back on IT spends by 6-10%. Forrester also mentions that each of these sectors is likely to spend over 17% of their IT budget on outsourcing. These are the key sectors contributing more than half of the revenues for top Indian IT players. The research firm also expects global outsourcing to touch an all-time high of \$240 billion in 2010 adjusted for currency fluctuations, a jump of 5.3% on the back of 1% drop last year.

### **12. Infosys to manage IT needs of Microsoft**

The Indian IT major will manage Microsoft's internal IT services for applications, devices, and databases in 450 locations across 104 countries. "As part of the agreement, Infosys will streamline implementation processes, simplify support and service, and lower the enterprise costs through the use of the latest Microsoft solutions such as Windows 7," a statement from Infosys said. To deliver global desk-side support and service desk, Infosys will partner with Unisys, another IT company. "It is a deal worth over \$100 million," a senior official at Infosys said. But Infosys' fees, it is said, will be based partly on how much money it saves for Microsoft.

### **13. Tata, RIL rank in top 50 Cos for innovation**

Two Indian corporate giants, Tata Group and Reliance Industries, have made to a new list of world's 50 most innovative companies, but it is Apple sitting on the top. Between them, Tata Group is better placed as the world's 17th most innovative compared to Mukesh Ambani-led RIL's 33rd position globally in this league.

## **C: AGROBUSINESS; RETAILING**

### **14. PepsiCo, Tata ink JV deal for health drinks**

The memorandum of understanding (MoU) was signed in Mumbai on Friday between PepsiCo AMEA (Africa, Middle East and Asia) CEO Saad Abdul-Latif, Tata group chairman Ratan Tata, and respective heads of the two companies — Tata Tea V-C R K Krishna Kumar and PepsiCo India chairman Sanjeev Chadha. A PepsiCo India official told TOI that the JV would be looking at a particular segment within non-carbonated beverages. To start with, the JV will foray in the domestic market, and may expand later to global markets. The Tata Tea board approved the MoU with PepsiCo

on Friday. The country's \$800 million (Rs 3,600 crore) non-carbonated ready-to-drink market includes juices, juice drinks, packaged water, sports drinks, blended tea (including iced-tea) and coffee, growing at a robust 25%. Most companies are developing or acquiring healthier non-carbonated beverage brands to have a presence in this segment. While PepsiCo already has a JV with Unilever for the Lipton iced-tea brands, its rival Coca Cola has an agreement with Nestle for Nestea brands of tea and coffee.

#### **15. Amway India plans 170 new branches by 2013**

Presently, the company has 130 branches across the country. The company offers 115 products in five categories- Personal care, Home care, Nutrition & Wellness, Cosmetics and Great Value products. Nutrition & Wellness segment contributes around 50 per cent of Amway India's total turn over. "With an aim to strengthen our network base, we are planning to increase the number of touch points (branches) upto 300, by adding 170 new branches across the country in the next two-three years. We are also planning to launch 6 to 8 new products every year," William S. Pinckney, MD & CEO, Amway India, said at a press conference during plant visit of reporters to its Baddi facility in Himachal Pradesh.

### **D: INDUSTRY**

#### **16. Panasonic ups the ante on Indian market**

Panasonic is developing a state-of-the-art manufacturing unit along with R&D facility in Haryana, with an investment of around \$250 million, said Fumio Ohtsubo, global president of the Japanese conglomerate. As Indian market is highly price sensitive, Ohtsubo said the company would like to engage more and more local talent, who understand the needs of Indian consumers, to develop appropriate products. Giving the example of Nano, he said that the success of the product tells a lot about Indian market. Underlining the need for developing different lines of products that will suit Indian customers, he said, Panasonic will set up R&D centres to develop a number of products in India itself.

#### **17. MiniCAT, a Real Breather...I mean seriously...Real Breather**

The Air Car, developed by ex-Formula One engineer Guy Ngre for Luxembourg-based MDI, uses compressed air, as opposed to the gas-and-oxygen explosions of internal-combustion models, to push its engine's pistons.\*Some 6000 zero-emissions Air Cars are scheduled to hit Indian \*\*streets by August 2010. The Air Car,\* called the MiniCAT could cost around Rs. 350,000 (\$ 8177) in India\* and would have a range of around 300 km between refuels. \*The cost of a refill would be about Rs. 85 (\$ 2).\* The MiniCAT which is a simple, light urban car, with a tubular chassis that is glued not welded and a body of fiberglass powered by compressed air.

#### **18. SKF starts production at its Haridwar unit**

SKF India, an Indian business arm of Swedish giant AB SKF, today formally inaugurated its third factory at the industrial estate of Haridwar to supply bearings to Hero Honda and other auto manufacturers in Uttarakhand. And tomorrow, the company, which has so far invested Rs 421 crore in India, would start production at its new unit in Ahmedabad in Gujarat also. Its two units are already operational in Bangalore and Pune. "SKF's strategic move to increase production capacity through the Haridwar plant signifies our commitment to serve our customers effectively and will also allow us to further increase our share in the developing vehicle aftermarket service segment," said AB SKF president and CEO Tom Johnstone.

### **19. Yamaha plans to make India global hub for premium bikes**

Japanese automobile major Yamaha is planning to make India the hub to manufacture premium motorbikes for global markets. In the past year, the company registered a three-fold increase in two-wheeler exports from India, driven largely by the growing international demand for high-end bikes. “We will fully utilise the infrastructural facilities that we have set up here in India to push our exports further,” said Pankaj Dubey, national business head of India Yamaha Motor (IYM).

### **20. DHFL to launch housing finance JV with IFC**

Mumbai-based mortgage lender Dewan Housing Finance (DHFL) today said it planned to launch a finance joint venture (JV) focused on low-income housing in partnership with International Finance Corporation (IFC), the private sector lending arm of the World Bank. “The company will focus on low-cost housing in the eastern part of the country. We will have operations in a number of states, including Bihar, Uttar Pradesh, Orissa, Chhattisgarh, Madhya Pradesh and Jharkand,” said Kapil Wadhawan, chairman & managing director of DHFL. IFC will have a 20 per cent stake in the venture. The rest will be held by DHFL.

### **21. Suraaj Group announces Rs 500-cr housing project**

The township project would comprise around 1,500 housing units measuring between 800 and 1,000 sq ft with price tags of Rs 5-20 lakh. “The township will also have school, markets and recreational centres for its inhabitants,” he informed. The project is estimated to be completed in two years, when the company would start giving possessions. “We have already acquired the land for the project and have all the necessary approvals,” he claimed

## **E: BASICS; INFRASTRUCTURES; EMPLOYMENT; FDI**

### **22. R-Infra completes first phase of Hisar power project**

Reliance Infrastructure’s engineering, procurement and construction division has completed construction of the first 600-Mw unit of the Haryana government’s Rajiv Gandhi Khedar Thermal Power Plant (RGKTPP) in Hisar. RGKTPP, meant to have two units of 600 Mw each, is being set up by Haryana Power Generation Corporation Ltd. Synchronisation of the first unit was achieved in 33 months and the unit reached more than full load capacity in the shortest possible time, said a company release. R-Infra is part of the Anil Dhirubhai Ambani Group. “We are happy to commission the country’s largest and first 600 Mw Thermal Power plant’s in Hisar. This project will not only benefit Haryana by adding 28.8 million units of energy per day but will also create 15,000 job opportunities in the field of construction, operations and maintenance,” said S C Gupta, director (operations), R-Infra.

### **23. Coming soon, UID-backed micro ATMs for the poor**

In the short time that Infosys Technologies’ former CEO and co-founder Nandan Nilekani has been part of the government, he has emerged as UPA’s tech czar. Not only is he spearheading the very ambitious Unique Identity (UID) Card project, Nilekani has been recently appointed the chair of the Technology Advisory Group which has the mandate to fix the framework for large and transformational IT projects of the government.

### **24. Government policy to boost ports’ capacity: Vasani**

Total investment envisaged under NMDP is over Rs 1 lakh crore. Of this, Rs 55,804 crore is for the port sector and Rs 44,535 crore for shipping and inland waterways. In ports, 276 projects have been identified for implementation at an envisaged investment of Rs 55,804 crore. Till date, 50 projects

have been completed under this programme at a cost of Rs 5,717.28 crore, while 69 are at various stages of implementation, at an investment of Rs 16,306.45 crore," the minister added.

#### **25. BHEL to start work on clean coal energy plant**

Work on the country's first and biggest Integrated Coal Gasification Combined Cycle (ICGCC) power plant is likely to commence in June 2010. The Rs 2,500 crore plant will come up in Vijayawada in Andhra Pradesh and will be set up by three joint venture partners, with one of them being Bharat Heavy Electricals Ltd (BHEL). Speaking to Business Standard, A V Krishnan, executive director, BHEL-Tiruchirappali (Tiruchy) said design for the 182 mega watt plant has been completed and by May or June 2010, work will commence on the plant.

#### **26. Warehouses to create 12.76-mt capacity for FCI**

"The new capacity will be primarily created in the states of Punjab (7.1 mt) and Haryana (3.9 mt). Though, some capacities will also be created in states like Jammu & Kashmir, Bihar and Jharkhand," said Siraj Hussain, chairman and managing director, FCI. This capacity will be used for storage of wheat and rice. Currently, FCI has a storage capacity of 28.45 mt.

#### **27. AAI to spend Rs 4,500 crore on non-metro airports**

"Besides, 11 new greenfield airports, which include sites such as Kannur (Kerala), Mopa (Goa) and Navi Mumbai have been identified to decrease passenger load on existing airports. Kolkata and Chennai are being taken up as mega projects for modernisation," Seth said. Noting that the airports selected for upgrade such as Goa, Jammu and Bhopal have a passenger share of 21 per cent, C G Krishnadas Nair, managing director, Cochin International Airport (CIAL), said: "The objective of decongestion of metro airports and development of hinterland can be met by extending air services and increasing direct connectivity between metros and non-metros."

#### **28. GAIL to invest Rs 15,000 cr (\$3,3bn) in new pipelines by 2013**

Gas demand in northern India is expected to grow at the rate of 20-25 per cent over the next two-three years. To meet this demand, we are investing Rs 15,000 crore in laying new lines," he said. GAIL has planned pipelines to connect cities like Meerut, Saharanpur and Moradabad in UP, Dehradun in Uttarakhand, Bathinda and Nangal in Punjab and Panipat, Hissar and Gurgaon in Haryana by 2013. In addition, GAIL is expanding its 10,700 km of cross-country pipeline network.

#### **29. India Inc embraces solar power**

The company, a joint venture between Singapore-based Delta Renewables and Indian infrastructure major Punj Lloyd, has bagged about Rs 300 crore worth of orders, a majority of which are from the Bihar government. Tariq Alam, CEO, says "our start has been much better than we anticipated. Opportunities coming up are going to be very huge in solar power". The sun is shining bright for many others players in the solar sector as well. Balaji Lenka, director of Schneider Electric India, agrees. "A clear picture on opportunities in solar will emerge within a few months once the government approves the investments for the first 1,000 Mw," he says.

#### **30. Kochi marina set to start operations**

Construction of a three-storey building on the north-eastern side of the Bolghatty Palace hotel to accommodate sailors from across the world is complete. KTDC had spent Rs 8.21 crore on Phase -1 of the project with a central assistance of Rs 4 crore. A two-lane road connecting the main land with the island is also ready. Currently, there are no intermediate berthing facilities for yachts leaving Dubai until they reach their destinations in the Far East. Situated just 11 nautical miles from the international maritime route, Kochi has one of the best natural ports in Asia where Dubai Ports World is building an international container trans-shipment terminal.

### **31. Goa's Russian Revolution**

This dramatic tourism boom has taken place almost by stealth; it came long after Goa had become a global tourist hot spot. When the first Russian charter plane arrived from Moscow in 2001, the couple of hundred tourists who disembarked for a fortnight's visit represented a mere drop in the Arabian Sea compared to the tens of thousands of Brits, Germans, Israelis and other foreign nationalities who had already crowded on to this sun-kissed slice of the Konkan coast, part of a huge tourism influx that was showing signs of reaching 2 million visitors per year. As of 2010, it is no longer a race. As many as 300 flights are scheduled to land in Dabolim from Russia this year, more than double the number expected from Britain -- more, in fact, than Britain and Germany combined. And these visitors aren't Moscow hipsters alone; there are now regular direct flights from cities you've never heard of -- Samara, Ufa, Rostov-on-Don and Yekaterinburg. Incredibly, more than 100 flights come in from Siberia alone, ferrying thousands from far-flung cities like Krasnoyarsk and Novosibirsk for a beach-side holiday off the Arabian Sea. Many of these are first-time travellers, who haven't even visited Moscow.