

Newsletter, 20-VI-2009

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A: ENTREPRENEURSHIP; DEVELOPMENT; GENERAL ITEMS

1. India poised for return to 8% GDP: Montek Ahluwalia

Montek Singh Ahluwalia, the deputy chairman of the Planning Commission, is backing Prime Minister Manmohan Singh's view that India will return to 8-9% growth in the medium term, since the country is on a strong wicket on many fronts. Once the global economy starts to recover, the return on capital will also be higher in an economy like India, which is poised to grow faster than its Western counterparts. And the entry of \$5 billion into the country in the past two months is a clear sign of easing capital flow, he says in an interview with ET correspondents.

2. Govt draws up plans for 'people ownership of PSUs'

Unveiling the reform agenda of the new Congress-led Government at a joint sitting of both Houses of Parliament, the President, Ms Pratibha Patil, pointed out that citizens have every right to own a part of the shares of public sector companies while the government retains majority shareholding and control. "My Government will develop a roadmap for listing and people ownership of public sector undertakings while ensuring that government equity does not fall below 51 per cent," Ms Patil said, without using the "disinvestment" word in her speech.

3. Suzlon completes buy of Martifier's stake in Repower

Global wind power giant Suzlon Energy Ltd on Saturday said it has completed buying Portuguese company Martifier's stake in Germany's REpower Systems. In a BSE notification, the company said that after the completion of the final €87.6 million payment, it now holds 90.72 per cent of shares and voting rights in REpower Systems. In May 2007 after months of intense bidding war, Suzlon Energy Ltd won the €1.35-billion bid and had acquired REpower. It had achieved the task, while its cash flow was only €250 million.

4. FM asks banks to cut lending rates to spur economic activity

"As a financial intermediary the banks have to stand by to provide credit at reasonable rates," Mukherjee said addressing the chief executives of public sector banks. The minister said reduction in key rates by the Reserve Bank is not "adequately (getting) reflected in the reduction of BPLR (benchmark prime lending rates) of banks".

5. RIL, Tata BP Solar among 12 projects to get in-principle nod

PV Technologies India (a subsidiary of Moser Baer), Titan Energy Systems, Reliance Industries Ltd, Tata BP Solar Power are among the 12 Solar Photo Voltaic projects filed under Special Incentive Package Scheme (SIPS), which have received in-principle clearance from the Government. Together, these 12 projects would entail an investment of Rs 76,500 crore (\$15.000 million) over a 10-year period.

6. ITC's social forestry project now registered under Kyoto Protocol

The social forestry project of ITC Ltd is now registered under the Clean Development Mechanism (CDM) of the Kyoto Protocol. The social forestry initiative approved by the United Nations Framework on Climate Change Convention (UNFCCC) is ITC's eighth CDM project, which has been registered, according to Mr Subhash Rustagi, Executive Vice-President (Corporate Environment Health and Safety), ITC Ltd told Business Line.

7. Indian SMEs high on optimism: report

As much as 40% of the Indian SMEs were optimistic on the growth trajectory. However, compared to last year, there is a decline, when 64% of the Indian SMEs has showed optimism regarding the same. Whereas, only 15% of the SMEs in the APAC region showed similar optimism. The survey also reveals that the Indian SMEs see IT as the major driver for growth, followed by building & construction and healthcare & pharmaceuticals sector. About 37% felt that IT will continue to be the growth driver, whereas 29% saw building & construction to be a major force. And, 26% felt healthcare & pharmaceuticals will play an important role in their growth.

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

8. Infosys bags \$355m deal

Infosys Technologies, India's second-largest software services firm by sales, said on Tuesday it had won a new IT outsourcing contract from Telstra Corp, Australia's top phone company. Telstra has awarded application development and maintenance services contracts to Infosys and US firm EDS, a unit of Hewlett-Packard Co, the Australian firm said in a statement posted on its website. The total value of the outsourcing contract is A\$450 million (\$355 million) over five years, Infosys said in a statement, but didn't disclose its share in the deal.

9. Infosys plans to set up unit in Brazil

India's second biggest software exporter Infosys Technologies plans to open a software development and back office centre in Brazil later this year, as the company seeks to serve its US customers better by establishing a near-shore presence. Apart from being a local delivery centre, the new unit will also help Infosys gain more business from the regional market, V Balakrishnan, chief financial officer of Infosys, told ET in an interview. "Some of our US customers asked for a centre in Brazil, as the country falls in the same time zone," Mr Balakrishnan said. The centre is expected to begin its operations within next three-four months, and is expected to employ around 100 professionals initially across the functions of IT and back office projects.

10. Is new US tax plan helping India?

The global downturn has slowed the rapid growth in India's outsourcing business, but only slowed it. In fact — because of the pressure on companies, and even governments, to reduce costs — many outsourcing businesses are booming. And a mood that was deeply uncertain just six months ago has turned much more optimistic. Unemployment has risen to 8.9% in the US, a 26-year high, increasing longstanding pressures to "keep jobs in America". But managers of companies big and small, squeezed between political pressures and the necessity of slimming down to survive, are choosing the bottom line.

11. Telco equipment cos cross \$24-bn mark

The Indian telecom equipment industry has reported a 20% growth in revenues and crossed \$ 24 billion mark (Rs 1,14,527 crore) during FY 2008-09, compared to a 24% growth recorded in the previous financial year 2007-08, says Cybermedia research. India being witnessing over 10 million month-on-month new mobile subscriber additions and telecom operators buying equipments to expand their networks has fueled this growth. Of the three components of the telecom equipment industry, the carrier equipment business grew at 27% to report a revenues of Rs 72,616 crore, followed by enterprise equipment category with revenues of Rs 15,242 crore, a growth of 15.4%.

12. 15 IT firms to set up shop in Andhra

As part of its efforts to take the benefits of information technology to Tier-II and Tier-III cities, the Andhra Pradesh government has given its green signal to about 15 tech companies to set up shop in the state, which will lead to creation of 12,000 direct jobs over the next two to three years, according to IT&C principal secretary Ajay Mishra. IT exports from Andhra Pradesh touched the \$6.5-billion mark for the year ended March 31, 2009, an increase of 20 per cent over last year. The national growth rate during the 2008-09 financial year was at 13.5 per cent. Despite the downturn, direct employment in the IT sector in the state reached 2,29,000 last year, he said.

C: AGROBUSINESS; RETAILING

13. GCMMF plans Rs 2,600 cr investment for vision 2020

As part of our mission, we intend to double the existing capacity of all our member union by 2020. Around Rs. 2,600 crore are planned to be infused by 2020 to ramp up production as well as "infrastructure capacities", said Parthi Bhatol, in-charge chairman, GCMMF. "Whatever infrastructure and capacities we have today, will be doubled to achieve mission 2020", added BM Vyas, managing director, GCMMF.

D: INDUSTRY

14. Renault-Nissan JV has big India plans

Renault-Nissan Automotive India, a 50:50 joint venture floated for a passenger car project in Chennai, is eyeing 5.7% of the market share in India by 2012. It is looking at emerging markets like Brazil, Russia, India and China, besides Middle East, to push its global market share, a top official said on Thursday.

15. Toyota small car to roll out of Bangalore in 2011

Japanese carmaker Toyota Motor Corp is in the process of identifying vendors in India as it prepares to enter the mass market segment by early 2011 with its completely new small car platform. The company is looking at a localisation level of 70% at the start of production level in small car. Indicating that it will be importing the engine for the small car, Hiroshi Nakagawa, managing director, Toyota Kirloskar Motor (TKM), said: "We are looking at sourcing as much as we can from India and are studying the possibility of setting up an engine facility at the second plant near Bangalore."

16. Honda identifies India as launch pad for global small car

Honda has identified India as the launch pad for its global small car which will debut during the next two to three years. "The vehicle is being developed for India specifically as the lead country. It will then enter other markets across the world," Mr Masahiro Takedagawa, President and CEO, Honda Sael Cars India, said here on Thursday.

17. Chennai unit top producer for Nokia

Chennai has edged past China as a unit-wise volume producer of Nokia cellphones. In fact, Nokia's Chennai factory is now the company's largest cellphone manufacturing facility in the world. Interestingly, over 70% of Nokia's 8,000-strong employee pool at the Chennai plant are women, involved in a mix of running productions lines, maintenance and assembly and testing operations.

18. Tata plans hybrid cars on Nano platform

"The Nano is just not a car for Tata Motors, it is also a platform to create more high-end models that will sell for higher prices and yield better margins," Tata Group said highlighting the Innovation and Innovativeness of the company. "Tata Motors has plans to use the Nano platform to build electric and hybrid cars," the Tata Group in its report on innovations. Tata Motors should target exports of the car

in the developing countries like Brazil, China, Indonesia and Russia, where the growth rate is over 10%, it added.

19. Fiat launches Grande Punto priced at Rs 3.99-6.11 lakh

Italian car major Fiat on Wednesday launched its much-awaited premium small car Grande Punto in both petrol and diesel variants in the Indian market, priced between Rs 3.99 lakh and Rs 6.11 lakh (ex-showroom, Delhi). "The launch of Grande Punto marks a new milestone for Fiat in India as we bring the quintessentially Italian designs to Indian shores," Fiat India Automobiles Ltd (FIAT) Chief Executive Officer Rajeev Kapoor told reporters here.

20. Dr Reddy's, GSK tie up for emerging mkts

Hyderabad-based pharmaceutical major Dr Reddy's Laboratories (DRL) has entered into a partnership with GlaxoSmithKline (GSK) to develop and market select products across emerging markets outside India. Under the terms of the agreement, which is effective immediately, GSK will gain access to DRL's diverse portfolio and a pipeline of more than 100 branded pharmaceuticals in fast-growing therapeutic segments, such as cardiovascular, diabetes, oncology, gastroenterology and pain management.

21. Jewellery exports getting back some shine

Gem and jewellery exports seem to be on the revival path. Gold jewellery exports in May registered a growth of 158 per cent at Rs 3,911 crore against Rs 1,513 crore in April. In dollar terms, jewellery exports were up 160 per cent at \$785 million (\$301 million), according to Gem and Jewellery Promotion Council data. Cut and polished diamond exports rose 18 per cent to Rs 4,528.76 crore (Rs 3,847 crore) in May, while they were up 19 per cent in dollar terms at \$914 million (\$766 million).

E: BASICS; INFRASTRUCTURES; EMPLOYMENT; FDI

22. UK survey ranks Pune most suitable place in India for British investments

A survey conducted by trade facilitation body UK-India Business Council (UKIBC) has ranked Pune as the most suitable place for British investments in India. The survey report, titled 'Opportunities for UK Plc in Emerging Cities in India', also ranks eight other cities — Ahmedabad, Chandigarh, Jaipur, Goa, Indore, Kochi, Nagpur and Vadodara — as the most conducive destinations for UK investments in India.

23. India Inc to hire most globally: Manpower

In the third quarter (July-September) of 2009, job seekers around the globe can expect more of the same sluggish hiring pace seen during the first half of the year. But, in countries like India, a greater percentage of employers are saying they will hold on to the staff they have, according to the latest global Manpower Employment Outlook Survey.

24. FIIs infuse \$60 bn in 1 yr

Since March this year, foreign investors have been aggressively buying, pumping in nearly \$7 billion in just 60 days, Sebi data shows. Extrapolating the numbers would mean FIIs have invested (net) of around \$120 million every day since March 9. This has led to the net investment position of FIIs increasing from \$53.3 billion in March 9 to over \$60.3 billion till June 10.

25. UK life science firms, institutions look for India opportunities

At least a dozen small and medium sized life sciences companies and academic and research institutions from the UK are exploring collaborative opportunities in India's pharmaceutical and biotechnology sectors. A funding squeeze in the UK that has forced them to look for low-cost alternatives, coupled with capabilities in drug research and manufacturing, has doubled India's

attractiveness, said Philip Kendall, senior sector manager, international biotech and pharma, UK Trade and Investment, a government agency.

26. Indian economy returning to potential growth path: Goldman

We believe the Indian economy and the financial sector are returning back to a potential growth path, post a period of adjustment to the intense dislocation in the global economic environment," Goldman Sachs said in a report. Goldman expects its net income growth for the financial sector to rebound to 32% in 2010, from one% in 2009.

27. IT industry growth may fall to 5-yr low in 2009

Indian IT and IT-enabled services industry is expected to grow at 10.8% in 2009, the lowest in the last five years, due to the global economic meltdown, a report said. But in next four years, it would grow at 13.9% to touch revenue of \$110 billion, the report by analyst firm IDC India has said. "In the backdrop of one of the worst ever global financial and economic meltdown, it is estimated that in 2009, the overall India IT/ITeS industry is expected to grow at 10.8%, which is the lowest in the last five years.

28. Protectionism will be counter-productive: Azim Premji

Wipro Technologies founder Azim Premji, has stressed that the recent American decision to clamp down on H1B visas for skilled workers which could halve the number of Indian IT specialists entering the country, would be counter-productive. "If we get into protectionism, then the West is going to get a wave of protectionism in response, and that is going to turn back the clock 20 years," Premji told The Sunday Times. "And it will be America and Europe that suffer," he said because they will be excluded from the only growth markets left-- in Asia, Africa and China. You are not going to grow at 10 per cent trading in London, are you," he asked.

29. Pepsi plans ultra-cheap softdrink to fight anaemia in India

Pepsi, which was founded and marketed by a pharmacist as a digestive syrup, is revisiting its roots with an ultra-cheap softdrink that will aid fight against anaemia in women in rural India. The product expected to be launched as early as next year may cost just Rs 1 or 2 for a drink, although a decision on the packaging is pending, sources familiar with the project said here. "The aim is to reduce incidence of anaemia among women in rural India by 20% by 2020," the source said but did not wish to be identified.

