

Newsletter, 20-X-2009

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INDEX

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A: ENTREPRENEURSHIP; DEVELOPMENT; GENERAL ITEMS

1. Time right to enter India: US to its companies

Enamoured by India's status as one of the world's fastest growing economies, the US is telling its companies that the time is right for them to enter the Asian nation and high rate of return on investments is the most compelling reason. "Now is the time for US companies to enter the rising Indian market," according to an export promotion agency of the US government. For the US companies, the agency has named civil nuclear energy as the biggest potential Indian export market segment, estimated at about 150 billion dollars, followed by areas like renewable energy, aerospace and defence, mining and coal, security, healthcare, retail and auto.

2. Dutch govt. to open 2 more business support offices in India

In a bid to expand trade and business with India, the Netherlands government is actively considering to open two more business support offices in the country - one in Kolkata and another in Hyderabad. Currently, it operates two such offices in India - from Chennai and Ahmedabad - which serve as commercial intelligence dissemination centres and are known as Netherlands Business Support Office (NBSO).

3. IIMs get govt go ahead to set up campuses abroad

The government on Friday handed twin Diwali gifts to the IIMs. It gave the prestigious management schools the go-ahead to set up campuses abroad. It also agreed to leave the appointment of the board and director of an IIM to a collegium the composition of which is to be decided by IIMs themselves. Announcing the decisions after his meeting with directors of IIMs, HRD minister Kapil Sibal said that the number of board members in each IIM will also be brought down to 13. The greenlight for foreign campuses marks a major shift since the UPA-1. The proposal by IIM-Bangalore to set up a campus in Singapore became a contentious issue during the tenure of former HRD minister Arjun Singh who said that the management schools were mandated to focus on the country.

4. PM urges public sector units to get listed

The Prime Minister, Dr Manmohan Singh, gave away the SCOPE Excellence Awards to Chief Executives for outstanding contribution to the public sector in the Capital on Thursday. Speaking on the occasion, he urged public sector enterprises (PSEs) to get listed to unlock their true potential and help them raise funds. "Our government is encouraging listing of public sector undertakings and this unlocks the true value of a company, improves its corporate governance standards and also helps in raising resources for funding future expansion plans," Dr Singh said in his speech. The Prime Minister said an increasing number of public sector undertakings are keen on entering the capital market.

5. India set to be global leader in tech services, says Forbes chief

The pace of economic growth in India proved that the country was able to weather the crisis well - but the government would have to work to make the economy grow further, he said. The Indian economy rose 6.7 per cent in 2008/09, while it is expected to rise 6 per cent in the current fiscal year. "India should continue the liberalisation that began in 1991, including simplifying the tax code and reducing tax rates, and allowing more overseas investments into India," he said. He said the bureaucratic procedures should be simplified to facilitate entrepreneurs. "One step - done!" India also needed to reduce the hurdles to building infrastructure, he said.

6. New policy soon to attract more overseas students to IITs

At present, foreign students have to pay a much higher amount of money than their Indian counterparts as fee. There are two different fee structures -- one for the students of SAARC countries and another for the students of other nations. However, both the fee regimes entail to much more spending than what the Indian students pay, an IIT director said. The number of foreign students are very less in the IITs, mainly because of the high fees. "IITs attract mainly students from the developing countries. These students find it difficult to pay the huge amount and develop a cold feet on coming here," he said.

7. 16 Indian cos in Forbes Asia's 200 'small' Best

Sixteen Indian companies figure in this year's Forbes list of mid- and small-size companies – "Asia's 200 Best Under A Billion". The list include Biocon, Birla Corporation, Deepak Fertiliser, Divi's Lab, Everest Kanto Cylinder, FDC, Geodesic, GSS America Infotech, ICSA, IVRCL, Micro Technologies, Nitin Fire, Opto Circuit, Pareskh Aluminex Raj Television and Selan Exploration.

8. Where have all the philanthropists gone?

In 1841, Lady Avabai Jeejeebhoy built the Mahim Causeway connecting present day South Mumbai to Mahim at a personal cost of Rs 1,57,000 on the condition that the government would not charge a tax to its citizens for its use. The Rajiv Gandhi Bandra-Worli Sea Link (left) that today connects the same two islands, built by the Government of India, charges its citizens Rs 50 toll for its use. Between then and now, where have all our philanthropists gone?

9. IITians plan to make India global knowledge hub

The seventh annual Pan-IIT Global Conference ended with alumni of the prestigious institutes chalking out plans to make India the global knowledge hub by 2022. "One of the major initiatives we have planned to reform India's education relates to Industrial Training Institutes (ITIs). They are crucial to meeting India's manpower needs and creating jobs," conference chairman Ray Mehra told the news agency after the conclusion in Chicago Sunday night. He said: "Reforming them is part of our agenda to boost vocational manpower in India. Though this initiative is already under way, we are now creating a guidebook for these institutes."

10. India, Argentina sign civil nuclear pact

India and Argentina signed a civil nuclear pact and nine other agreements on Wednesday. The Argentine President, Ms Cristina Fernandez de Kirchner, on a state visit to India, signed the agreements after extensive discussions with the Prime Minister, Dr Manmohan Singh. A joint statement issued after talks between the two nations stated that India and Argentina will use the



synergies between the and the vast experience of their nuclear scientists and technologists. “Taking into account their respective capabilities and experience in the peaceful uses of nuclear energy, both India and Argentina have agreed to encourage and support scientific technical and commercial co-operation for mutual benefit in this field,” said the joint statement.

11. HDFC Bank seen strongest in A-Pac

HDFC Bank has been spotted as the strongest bank in Asia-Pacific followed by state-owned players Punjab National Bank (PNB) and Union Bank of India, which has been ranked seventh in a survey conducted by Asian Banker, a company that provides information for the financial services industry. Surprisingly, the survey has ranked the country’s largest bank, State Bank of India, at No. 42. Last year’s list of top-20 banks included 10 banks from Australia, Hong Kong, Singapore, South Korea and Taiwan. But this year’s survey features only two banks — Australian bank Westpac Banking Corp and Citi Hong Kong —from this bigger markets. Interestingly, among the Indian lenders, two PSU banks — Corporation Bank (11) and Bank of India (18) — besides the private bank Axis (19) find place in the list.

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

12. More offshoring by aerospace cos

Aerospace companies, including Indian aviation majors, are coming out with new business models as they seek high levels of design and production. Long-term contracts by offshoring and outsourcing work to private firms and SMEs in India is one among them. Airbus, the world’s largest plane maker, for instance, is planning to offshore 20% of its overall engineering work, and a major chunk of it will go to India followed by Russia and China, Airbus Engineering Centre head Eugen Welte said at the Aerospace Supply Chain Symposium held at the Indian Institute of Management Bangalore (IIM-B), on Saturday. “As we are getting the right skills, we will grow engineering strength to 400 by the year 2012, which is quite aggressive by European standards,” Mr Welte said.

13. Suven Life Sciences granted patents in 9 markets

Suven Life Sciences, a Hyderabad-based biopharmaceutical company specialising in central nervous system (CNS) diseases, on Wednesday said that its clinical candidate for Alzheimer’s disease has secured product patent in India, Mexico, South Africa, Singapore, New Zealand, Korea, Eurasia, Australia and Europe markets. The granted product patent in all these countries is valid till June 2023.

14. IT spending in India will hit \$22.6 b this year: Study

Spending on IT in India will touch \$22.6 billion in 2009 and is expected to grow to \$37.6 billion by 2013, a study by IT research firm International Data Corporation (IDC) and Microsoft Corp revealed. IT as a percentage of GDP will increase from 1.8 per cent to 2.3 per cent, it said. The report said the IT market would drive the creation of nearly 7,000 new businesses and 324,000 jobs between the end of 2009 and the end of 2013. Most new companies will be small and locally owned.

15. Mid-tier IT cos on prowl again; look to hire up to 30K

The hire-no-more hysteria seems to be heading for a soft burial, with mid-tier and niche technology companies returning to the employment orbit as they plan to take in 25,000 to 30,000 experienced hands in the next three to nine months. The renewed demand has been spurred by a spurt in outsourcing, better order positions and companies expanding their India operations and moving up the value chain. Those on the lookout for trained hands are companies like GlobalLogic India, Aricent, MindTree, CPA Global, Sapient, Symphony Services, Citrix, Adobe, Persistent Solutions, nVidia, Amazon, Agilent and Vertex.

16. TCS Q2 net profit up 29% at Rs 1,642 cr; adds 5,530 employees

Tata group company, Tata Consultancy Services (TCS), today reported net profit of Rs 1,642 crore in the second quarter (July-September), up 29.17 per cent over the corresponding period last year. The company posted a revenue of Rs 7,435 crore in the same period, up 6.93 per cent compared to the year-ago period, the company said.

17. Luxury trains to add a new dimension to India's tourism

Luxury trains will add a new dimension to the country's tourism landscape when two such trains with private participation are launched in the next three months, charging up to Rs 3.7 lakh per person in a presidential suite for a week's travel. Travel firms Thomas Cook's subsidiary Travel Corporation (India) and Cox & Kings will soon launch luxury trains on the tourist circuits of the country even as the global slowdown has hit occupancy in luxury trains abroad, such as the Orient Express in Europe — that was immortalised in Agatha Christie's mystery novels — and the Blue Train in South Africa.

18. Tata Tele to invest \$1 billion more in GSM services

Tata Teleservices, a telecom services provider owned by the Tata group, is planning to invest an additional \$1 billion in its recently-launched GSM service Tata DoCoMo. The company intends to pump this money in a bid to enhance its network in the telecom circles where it has already launched GSM services.

19. Two firms in Greenpeace's green global ranking

Two Indian companies including Wipro and HCL have figured in the list of top five green electronics brand as per the latest edition of the Greenpeace Guide to Greener Electronics, because of their strong focus on the e-waste management and climate control. The study which for the first time has included climate and energy as criteria for evaluation, has placed Wipro in joint second position with Samsung.

C: AGROBUSINESS; RETAILING

20. PepsiCo India grows 50 per cent in Q3

Targeted investments in infrastructure, significant improvements in market execution and a prolonged summer contributed to beverage and foods maker PepsiCo posting an over 50 per cent growth in India in the third quarter (Q3) of calendar year 2009 as compared with the same period last year. Last quarter, PepsiCo had posted 35 per cent growth. The company attributed its success — its highest growth rate so far — to "a very strong volume growth across carbonated soft drinks and non-carbonated beverages".

D: INDUSTRY

21. Spark Electra to hit Indian roads in 12 months

The electric version of General Motors India's small car Spark will hit the Indian road in the next 12 months, said its vice president P Balendran. The company had entered into a technology tie-up with Bangalore-based Reva Electric Car Company to produce green cars for the Indian market last month. "While Reva will provide the technology, GM will do the engineering and manufacturing of the green cars," he said.

22. Auto parts sourcing from India on a steady upswing



A report from the Automotive Component Manufacturers Association of India (ACMA) estimates the turnover of the auto component industry in India at \$18 billion-plus in 2007-08, representing a 27.2% growth since 2002. It says the industry will touch \$40 billion by 2015-16. By then India's share in the global auto component market is likely to grow from the current 1% to nearly 3%.

23. Airbus set to transfer majority of engineering, design work to India

European passenger plane maker Airbus SAS will move 20% of its engineering and design activities to low-cost countries, a majority of it to India, by 2012 to bring down the cost of making planes and be able to compete better against its main rival Boeing Co. Airbus has a 120-people engineering centre in Bangalore, which will grow to 450 employees next year. It outsources work to around 20 Indian information technology and engineering service providers, including Infosys Technologies Ltd, Satyam Computer Ltd (now owned by Tech Mahindra Ltd), Quality Engineering and Software Services Technologies Pvt. Ltd (Quest) and HCL Technologies Ltd.

24. Sterlite to pump in Rs 2,300 cr; double TN plant capacity

Anticipating a huge demand for copper in the global market, Sterlite Industries (I) Ltd, part of the UK-based Vedanta group, plans to double capacity of its Tuticorin plant in Tamil Nadu besides setting up a captive power project. This capacity expansion is in line with its strategy to become a low-cost producer. The company on Thursday announced that it will be setting up a brownfield copper smelter project at Tuticorin with an estimated capacity of 4,00,000 tonne per annum (which, in effect, will double its capacity to 4,00,000 tonne per annum) along with two 80 MW captive power plants with an estimated investment of Rs 2,300 crore (\$500 million).

E: BASICS; INFRASTRUCTURES; EMPLOYMENT; FDI

25. Delhi Metro may run past midnight during Games

The Delhi Metro, which is rapidly becoming the lifeline of the capital, is set to expand from 75 km to 200 km by opening six new lines on its Phase II by October 2010. Sports persons as well as spectators will also find the going easy - since 10 of the 11 Games venues will have "easy Metro connectivity". The Metro is already well connected to the various tourist attractions like India Gate, the Connaught Place market from the British era, and the buzzing markets in the old city at Chawri Bazaar. With the new lines many open markets like Lajpat Nagar and malls in the national capital will also be on the network.

26. \$150-million cleantech fund on the anvil

The growing investor interest in clean technology is set to deepen with the launch of a new fund. The Prithvi Sustainability Innovation and Technology Fund will invest in clean technology, renewable energy and sustainability sectors after it ties up commitments worth \$150 million (Rs 697 crore) by January next year, according to Shankar Rele, partner and advisor with the fund and chief executive officer of investment advisory ICStartups.com. The fund would invest or co-invest in companies dealing in sustainable technology, either in fully matured or highly innovative but nascent categories.

27. Petronas raises stake in Cairn India for \$240 mn

Malaysia's state-run oil firm Petronas has bought 2.3% stake in Cairn India for \$240 million, or Rs 1,100 crore, to raise its holding to a tad below 15% in the India firm that has given the country its largest oil find in recent times. The acquisition of additional Cairn India shares by Petronas reflects our shared belief in the continuing growth potential of Rajasthan, while giving Cairn increased financial and operational flexibility in line with our growing confidence in Greenland," Cairn Energy Plc CEO Bill Gammell said.

28. Infrastructure cos sign \$4.2 b loan pacts with World Bank

Representatives from the Government of India, India Infrastructure Finance Co Ltd (IIFCL), Power Grid Corporation and World Bank signed loan agreements for three projects amounting to \$4.2 billion on Tuesday. IIFCL will get \$2.1 billion in two parts. The first part consists of \$1.195 billion long-term finance for infrastructure projects, which will come from the International Bank for Reconstruction and Development (IBRD).

29. Toshiba-JSW venture to start work on Chennai power equipment plant by Dec

The joint venture between Toshiba of Japan and the JSW Group, which is setting up a Rs 1,000-crore power plant equipment manufacturing unit in Chennai, plans to start work on the project by December and commission the first phase by 2011. The joint venture, in which Toshiba Corporation holds 75 per cent and the Sajjan Jindal-led JSW Group 25 per cent, will be manufacturing steam turbines and generators for thermal power plants with a total capacity to generate 3,000 MW of power.

30. Govt doubles funding for PPP highway projects

In a bid to attract private developers for six-laning of the ambitious golden quadrilateral (GQ) highways project through public-private partnership, the government has decided to double the grant given to the developer. The viability gap funding for the low-traffic stretches of the fifth phase of the national highway development programme (NHDP) has been hiked to 20% from 10% while that for others from 5% to 10%, an official in the ministry of road transport and highways told ET.



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