



Newsletter 5-VI-2008

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[1. Economy grows 9% in 07-08](#)

NEW DELHI: Buoyancy in agriculture sector lifted India's [economic growth](#) to 9% in 2007-08 from the earlier projection of 8.7%. This will be the third year in a row, when the Indian economy grew at the rate of 9% and above. In 2005-06, the economy grew at 9.4% followed by 9.6% in 2006-07.

[2. 'India, China lead as investing destinations'](#)

NEW DELHI: India and China, the world's two fastest growing economies, leads the list of best places for [investment](#) and development, driven by their current GDP growth rates, appropriate investment climate and substantial trade opportunities, a latest report says.

[3. India to join 'economic miracle' group](#)

New Delhi: India is all set to join the 13-member group of 'miracle economies' that have recorded higher growth in a short span of time, says a UK-based think tank. In addition to India, Vietnam will also be joining the club of these fast-growing economies, which among others include Japan, Singapore and South Korea, the Commission on Growth and Development said.

[4. The Fourth Year Report Card](#)

The UPA after four years in office is being rated as clearly better than its predecessor, with 41% of respondents to an opinion poll saying it had performed better than the NDA and only 14% expressing the view that it had done worse. Roughly a third said it was about the same as the earlier government and about a tenth had no views on the matter

[5. Rich nations must cut subsidies to end global food crisis](#)

"Developing countries have no alternative but to produce more food in the coming years," commerce and industry minister Kamal Nath said in his interaction with media here. But the farmers need to be assured that they will get right prices for their produce in a market which is not distorted by subsidies.

[6. In a first for India, Gujarat to connect all villages via satellite](#)

New Delhi: Gujarat will be the first state in India to provide high-speed connectivity through satellite-based data connections to all its 13,693 gram panchayats, as village administrative councils are commonly called, by July this year, enabling video, voice and data offerings in the areas of e-governance, distance education, telemedicine, agriculture and interactive advisory and counselling services.

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The Bureau of Indian Standards (BIS) has for the first time established the Indian standards on the quality parameters and grading of the polished [diamonds](#) in the country.

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NEW DELHI: Tech Mahindra, the sixth largest IT exporter, has bagged a \$700-million contract from British Telecom (BT) for transforming and improving BT's IT estate or [infrastructure](#). This is one of the largest contracts that any IT company has won in recent months.

[9. Wipro to foray into renewable energy:](#)

BANGALORE: The \$4 billion tech major Wipro is adding another petal to its sunflower WIE manufactures precision-engineered hydraulic cylinders and truck hydraulic solutions for infrastructure sector in manufacturing plants in Sweden, Finland and India.

[10. Gurgaon can now go up and up](#)

"If we don't go ahead with vertical development and conserve the land, the development will eat into the agricultural land," Aggarwal said.

11. Eclipsys sets up its second India unit in Pune

US based healthcare information technology services firm Eclipsys has set up its second India unit in Pune to support its clients in Europe, the US and Australia

12. Maharashtra grape wine export up 50 per cent

In FY08, 536,000 litres of grape wine were exported from India. Of which, 525,000 litres were exported from Maharashtra alone to France, Italy, Germany, US, New York, UK, Singapore and Belgium

13. Huda to invest US\$ 1.42 billion for expressway

Hyderabad: The Hyderabad Urban Development Authority (Huda) is investing about Rs 6,000 crore for an eight-lane access-controlled expressway.

14. Airports to emerge as business hubs

Study JMD of C&W, Anurag Mathur, said, "Globally airports derive a large portion of income from non-aeronautical revenue sources. Heathrow, San Francisco, Vancouver and Brisbane, bring in as much as 50 % of their revenues from retail and other non-aeronautical resources.

15. Hollywood buys stakes in Bollywood film cos

Bollywood trade experts say that approximately Rs 400 crore from various Hollywood studios is committed to Indian film projects.

16. Now, doctors join BPO bandwagon

NEW DELHI: After engineers and lawyers, now doctors are also gearing up to join the BPO brigade, with the outsourcing firms opening up alternative career options for medicos

17. India ranks above China in social welfare

New Delhi: India has fared better in providing social security like health care, education and child welfare to its people than China and Malaysia, as per a new index brought out by the Asian Development Bank.

18. Microfinance sector to reach US\$ 5.86 billion: Study

New Delhi: The microfinance sector in the country is expected to grow nearly 10 times to reach Rs 25,000 crore in the next four years, a study says. At present, the sector is estimated to be worth Rs 2,700 crore.

19. Pacts with developed nations to take Indian trade into new era

New Delhi: India is currently negotiating preferential trade and investment agreements with some developed countries - the European Union, Japan and Korea.

20. EU investment in India surges past China in 2007: Eurostat

Brussels: The flow of European cash into Indian firms surged more than fourfold last year, far surpassing EU investments into Chinese companies, estimates from the bloc's Eurostat data agency showed on Monday. Foreign direct investment from the 27-nation European Union into India jumped to 10.9 billion euros (17.0 billion dollars) last year, up from 2.5 billion in 2006, Eurostat said.

21. India attracts \$25 billion FDI in 2007-08

LONDON: Foreign Direct Investment into India has surged to over \$25 billion in 2007-08 and the country's [Foreign Exchange](#) Reserve crossed \$341 billion as of Tuesday, Ashwani Kumar, Minister of State for Commerce and Industry has said.

22. HPCL-Mittal Energy-Total consortium to fuel US\$ 81.94 billion investment in petro hub New Delhi:

A cabinet secretary-chaired panel last week cleared the first mega oil, chemical and petrochemical investment hub, which is expected to attract an investment of Rs 3,43,000 crore.



23. Cancer drug market to touch \$48b in 2008

NEW DELHI: The global [oncology](#) market (anti-cancer drugs) —growing the fastest among all therapies, is expected to touch \$48 billion this year, fuelled by higher drug spending in emerging economies including India.

24. Specialist life sciences VC funds beginning to strike deals in India

Bangalore: After playing second fiddle to technology firms for a long time, the life sciences sector in India is finally attracting specialist venture capital (VC) from global and local funds.

25. Grupo Mexico to block US buy of Sterlite

CHENNAI: A day after Sterlite announced that it was acquiring Asarco, owner of Asarco and copper miner - Grupo [Mexico](#) has said that it will do "absolutely everything" in its power to block the sale of its bankrupt subsidiary, which could also be a legal tangle.

26. Vedanta starts land acquisition for steel project in Orissa

KOLKATA: Vedanta, the biggest non ferrous metal group in India, has started land acquisition for its first ever steel venture at Keonjhar in Orissa. The process was kicked off earlier this month.

27. Indo-US trade set to grow 50 per cent, says Consul General

Kolkata: The Indo-US bilateral trade relationship is projected to grow at about 50 per cent at \$60 billion during 2008-09, against about \$40 billion in 2007-08, Mr Henry Jardine, the US Consul General in Kolkata, said here on Wednesday

28. Spices exports cross US\$ 1 billion mark

Kochi: India's spices export has crossed \$1-billion mark in 2007-08 by registering an increase of 19 per cent in volume, 24 per cent in rupee value and 39 per cent in dollar terms of value.

29. Punjab nod for US\$ 4.67 billion infrastructure projects

Chandigarh: The Punjab Infrastructure Development Board (PIDB) has cleared several projects. The projects, worth Rs 20,000 crore, got the board's approval to take Punjab into "the brave new world" of dream infrastructure."

30. Birlas line up Rs 80,000 crore (\$20 bn) investment for Orissa

BHUBANESWAR: It rained rupees yet again for Orissa on Thursday when the Aditya Birla Group unveiled plans to [invest](#) around Rs 75,000 to Rs 80,000 crore in the state in different sectors ranging from metallurgy to business process outsourcing (BPO). Company chairman Kumar Mangalam Birla announced this following a [meeting](#) with chief minister Naveen Patnaik here.

31. Reliance Power to set up 3,910 mw thermal plant in Madhya Pradesh

Sources informed that six units of 600 mw would be installed. Reliance Power would weigh various options of sourcing power plants and equipment from India and foreign manufacturers including Chinese.

32. Formulations business drives pharma exports up 16 per cent in 2007-08

Hyderabad: Export of pharmaceuticals from the country increased 16 per cent in 2007-08 compared with the previous financial year.

33. Apollo Tyres to pump in US\$ 469.58 million on capacity expansion

New Delhi: Apollo Tyres plans to invest Rs 2,000 crore in the next three years to increase its production capacity both in the country and abroad. The firm, which plans a greenfield facility in Hungary, is also setting up a plant in Chennai, while increasing the capacity at its Vadodara plant.

34. Women take the lead in rural BPOs

The percentage of women in BPOs concentrated in the urban areas is still hovering at around 50%, according to industry estimates. "While in terms of skill-sets and their understanding a task/project, women are as good as men. But women tend to stay on for loyalty sake and are less likely to jump ship," said Ashwanth G, HR manager of Desicrew Solutions, a rural BPO promoted by Ashok Jhunjunwala of IIT Madras.

35. ICICI to expand US business 35.

MUMBAI: India's largest private sector bank ICICI will open a host of offices in select US cities

36. IDBI Bank eyes more acquisitions

"The bank is in serious discussions with a few mid-sized banks. A decision can be expected in the next few months,"

37. Banking sector has a good fourth quarter

Mumbai: The banking sector has done well in the quarter ended March 2008 on the back of lower provisioning, modest rise in staff cost and strong net interest margins (NIM) reported by private sector banks.

38. India to earn US\$ 1.86 billion through medical tourism

A comparison of the medical treatment costs of various countries shows that a procedure like bone marrow transplant costs USD 2,00,000 in USA, upto USD 2,00,000 in UK, USD 62,500 in Thailand and just around USD 20,000 in India.

39. Railways sets target of US\$ 7.23 billion earnings this fiscal

"Indian Railways will create 'new history' by earning Rs 1,00,000 crore during the five years of the UPA government," Railways Minister Lalu Prasad said here on Monday.

40. Government may consider 49 per cent FDI in gems apparel

If the proposal passes muster among various ministries and the Left parties, it would be possible for giants like Wal-Mart, Metro and Carrefour to enter the Indian market through joint ventures for multi-brand stores.

41. Stores will co-exist with big players, says Biyani

"The study does not advocate foreign direct investment in retail, and I believe that there is no need for foreign retailers (to set up shop)", he said.

42. Small retailers need govt help to survive: Study

The rate of closure on account of unorganized retail shops in gross terms is 4.2% per annum, which is much lower than the international rate of closure of small businesses, the study says.

43. Banks find micro-finance biz profitable

HDFC Bank is strengthening micro finance business. It has four micro finance branches located in interiors of Tamil Nadu. Nearly 15% of bank's micro finance business are generated from four branches. It is also looking at opening a few more micro finance branches this year

44. China eyes India for financial inclusion

The People's Bank of China, the counterpart of the Reserve Bank of India (RBI), and the Chinese Banks Association are trying to understand and take lessons from India in priority sector lending and financial inclusion, an industry source told Business Standard.

45. Second PCPIR to pour US\$ 11.67 billion in Gujarat

New Delhi: After Andhra Pradesh, it is Gujarat where massive oil, chemicals and petrochemicals investments will pour in. Chemicals and fertilizers minister Ram Vilas Paswan said on Tuesday that a proposal from Gujarat with an investment commitment from private players and central and state governments to the tune of Rs 50,000 crore is close to be cleared by a panel headed by Cabinet secretary.



46. Five million tourists visited India in 2007

Around 400 million domestic tourists had also travelled across different parts of the country during 2007. Puducherry will emerge in the near future as a major centre for cruise tourism and efforts to promote this project would be intensified in collaboration with the Union Shipping Ministry, she said.

47. Sarin quits as a winner

Vodafone has 46 million customers in India, adding an average of 1.6 million customers every month. While the company refused to reveal the revenues for this region, it said India delivered a strong growth of over 50% for the [fiscal year](#) ended March 31.

48. Per capita income crosses Rs 30,000 mark

NEW DELHI: Per capita [income](#) of Indians for the first time breached Rs 30,000 mark and has reached to Rs 32,299 during 2007-08 indicating their growing purchasing power.

49. 2008 data: SEZs deliver on all counts

Exports from these tax-free industrial enclaves nearly doubled from Rs 34,615 crore in 2006-07 to Rs 66,638 crore in 2007-08. This is marginally short of the target on account of delays in the commissioning of some zones.

50. Visa Steel plans US\$ 2.35 billion steel project

Vishambhar Saran, chairman, Visa Steel said, the technical feasibility report for the project would be in place by the end of July after which the project details would emerge.

51. Videocon plans US\$ 1.40 billion power project

New Delhi: Diversified business group Videocon is planning to set up a 1,000 MW hydro power project in Uttranchal with an investment of Rs 6,000 crore. It plans to rope in a US partner for the proposed project.

52. Indian banks ready to take on foreign players

Bangalore: Indian bankers say they are ready to take on competition from foreign banks, even if the multinational players are allowed to operate freely after April. "If a foreign bank wants to open its branches and ATMs across India, we should also be allowed to do the same in their nation," said B. Sambamurthy, chairman and managing director, Corporation Bank.

53. AEZ exports cross US\$ 2.36 billion, zeroing in on target

The mango AEZ in Krishna district is expected to record an export of Rs 2.75 crore and the gherkins AEZ

54. Vijay Mallya, EADS in talks for biz jets

[BERLIN](#): Vijay Mallya, chairman of UB Group, has initiated talks with France-based EADS Socata, a leading aircraft manufacturer, to invest some \$200 million to co-develop business jets for which India has now emerged as a hot market.

55. Dabur plans buyouts, shortlists 20 companies

[NEW DELHI](#): FMCG major Dabur is planning global acquisitions in this fiscal year and has identified 20 target companies.

56. One night @ the rural call center

While companies see a clear cost advantage in the rural BPOs, for government, which funds initiatives like EGMM, local employment is most sustainable since it does not involve relocation. For the rural youth, unemployed or underemployed till recently, it is a complete transformation of life.

57. India third most attractive market for apparel retailers

India comes after Brazil and China in the AT Kearney Retail Apparel Index, which looks at ten drivers, including apparel consumption and clothing imports/exports, to rank the top 30 emerging markets for retail apparel investments

58. Haryana received US\$ 7.76 billion investment: Hooda

The multinational company Yokohama of Japan had also set up its first plant in India and that was set up at Bahadurgarh. An official release here quoting Hooda said that Yokohama Tyre Company was the seventh largest tyre manufacturing company of the world.

59. Videocon invests US\$ 2.82 billion in telecom

New Delhi: Videocon promoted Datacom will invite bids next week for rolling out 70 million GSM mobile lines across the country, envisaging an investment of over Rs 12,000 crore in the next four years.

60. Demand for product engineering services to grow

Bangalore: In India, where the domestic market for software product has just started warming up, industry expects the demand for outsourcing partner to pick up in a big way in the next 5-7 years.



Newsletter, 5-VI-2008

1. Economy grows 9% in 07-08

31 May 2008, TNN

NEW DELHI: Buoyancy in agriculture sector lifted India's economic growth to 9% in 2007-08 from the earlier projection of 8.7%. This will be the third year in a row, when the Indian economy grew at the rate of 9% and above. In 2005-06, the economy grew at 9.4% followed by 9.6% in 2006-07.

FM P Chidambaram, expressing satisfaction over the 9% economic growth in 2007-08, said that economy will grow at a minimum rate of 8.5% in 2008-09. "As the year (2007-08) progressed, there were some doubts whether we will be able to achieve 9% growth rate", he said. He further added, "I dare say with some degree of confidence that India will show admirable resilience and 2008-09 will also return a growth rate of not less than 8.5%, and if there is some luck I should be able to maintain my track record of 9% growth rate in 2008-09." He said that if the world economy is benign, India can grow at 10% as well in 2008-09.

However, he maintained that in 2008-09, due to uncertainties in the global economy, the downward risks were much higher than in the previous year. Despite these odds, he said, if India could sustain its agriculture growth, rejuvenate the manufacturing sector and maintain double digit growth in services sectors, its economy could very well grow at close to 9%.

The main source of confidence of the finance minister to project over 8.5% economic growth in 2008-09 is the huge investment that Indian economy is attracting presently.

In 2007-08, India attracted an investment of 37.5% of GDP - up by around 9.3 percentage point from the investment figure of 28.2% in 2003-04. With the improved productivity and rising investment, he said even if some mistakes are made, India will continue to grow at around 9%.

In its revised estimate of national income for 2007-08, the Central Statistical Organization said that the upward revision in the GDP growth rate is mainly on account of the revision made in the estimated production of agriculture crops by the Department of Agriculture and Cooperation.

The agricultural and allied sectors grew by 4.5% during 2007-08, compared to earlier estimates of 2.6%. However, the manufacturing sector witnessed some slowdown. The growth rate in the sector for 2007-08 lowered to 8.8% from the initial estimate of 9.4%.

At the same time, comparing the fourth quarter figures of 2007-08 to last fiscal, the economic growth dipped to 8.8%.

2. 'India, China lead as investing destinations'

27 May 2008, PTI

NEW DELHI: India and China, the world's two fastest growing economies, leads the list of best places for investment and development, driven by their current GDP growth rates, appropriate investment climate and substantial trade opportunities, a latest report says. According to global consultancy Grant Thornton's International Business Report 2008 on emerging global markets, China, India and Russia have emerged as the top three most-favoured destinations for investment and development.

These are followed by Mexico at fourth and Brazil at fifth place. The study also revealed the presence of 22 other rapidly growing global economies, including Malaysia, Indonesia, Iran, Pakistan, Thailand and Poland, that offer immense avenues for future growth. "Emerging markets offer great potential for growth in a global economic slowdown scenario," Grant Thornton India National Markets Leader Monish Chatrath said. "Availability of low-cost yet highly educated labour force with strong work ethics, combined with fast industrialization, technology deployment and a strong focus on infrastructure

development is enabling these countries to close the gap with the more affluent and relatively slower-growing mature economies," Chatrath said.

China's economy would move ahead of the US by 2027, India would catch up with the US by 2050 and the BRIC's as a group will surpass the G7 by 2032. Emerging and developing economies' will on an average grow by 6.3% in 2008 and 6.4% in 2009. "Advanced economies" are forecast to grow by 1.3% during this period. "India's position in the second place comes as no surprise. The Indian economy has consistently been riding high on waves of growth since the 1990s and the current scenario has been characterized by an almost insatiable enthusiasm for technology, openness to global trade and tangible progress towards fiscal consolidation," Monish said.

3. India to join 'economic miracle' group

[The Financial Express](#), May 27, 2008

New Delhi: India is all set to join the 13-member group of 'miracle economies' that have recorded higher growth in a short span of time, says a UK-based think tank.

In addition to India, Vietnam will also be joining the club of these fast-growing economies, which among others include Japan, Singapore and South Korea, the Commission on Growth and Development said.

The other members of the miracle economies include Botswana, Brazil, China, Hong Kong (China), Indonesia, Malaysia, Malta, Oman, Taiwan (China) and Thailand, the Commission, which is sponsored by World Bank and governments of Australia, the Netherlands and the UK, said.

Indian growth story has characteristics as the miracle economies, the report said.

The miracle economies, it added, shared common characteristics as they are all engaged with the global economy, had high rates of saving and investment, and credible and capable governments.

The Commission, which is headed by Nobel laureate Michael Spence, has Planning Commission deputy chairman Montek Singh Ahluwalia as one of the members.

It said India's multi-party democracy has grown remarkably due to a pragmatic and impartial growth strategy and also the role of government has shifted from dismantling the excesses of the license raj to putting in more endeavours for improving the public infrastructure.

India has been a hub of world-class engineers and scientists for decades and is supplying to global demand for software services. This has helped the country in fulfilling its economic growth need, the think-tank said.

Pointing out that India's civil servant performance has shown an exemplary improvement based on business quality standards formulated by the International Organisation for Standardisation, the Commission said it has significantly contributed to effective governance.

It observed that all the miracle economies grew remarkably by importing ideas, technology, and knowhow from the rest of the world and exploiting global demand.

"The inflow of knowledge dramatically increased the economy's productive potential; the global market provided the demand necessary to fulfil it. To put it very simply, they imported what the rest of the world knew, and exported what it wanted," the Commission said in its report. All these economies were future-oriented and relied on a functioning market system and decentralised decision-making, promoting entrepreneurial spirit, it added. Also, the report said, mobility of resources like labour and capital was a prominent feature of all the 13 high-growth economies.

4. The Fourth Year Report Card

23 May 2008, TNN



The UPA after four years in office is being rated as clearly better than its predecessor, with 41% of respondents to an opinion poll saying it had performed better than the NDA and only 14% expressing the view that it had done worse. Roughly a third said it was about the same as the earlier government and about a tenth had no views on the matter.

Interestingly, this is despite the fact that about two-thirds of those surveyed said Manmohan Singh's government had made no difference to their lives. This apparent paradox could be explained by the fact that most people do not really expect governments at the Centre to impact their lives very significantly.

It could also have something to do with the fact that of the 32% who did think the UPA had made a difference, less than one-fourth felt it had made things worse for them and over three-fourths thought it has had a positive impact on their lives.

Beyond the image of the coalition, there is something in the survey that should cheer Congressmen in particular. Asked whether Rahul Gandhi's increasing role was good for the party, 55% said it was while only 4% said it wasn't. That might not be too surprising, but 50% also said it would be good for the country against just 6% who felt Rahul's stepping up is bad news for India.

Sonia Gandhi's ratings continue to remain very high with 52% saying she has had a positive impact on the government and only 10% saying her impact has been negative.

The battle between Lalu Prasad and P Chidambaram for the top slot in the popularity charts among the ministers in the UPA government goes on, with the FM now narrowly in the lead like he was at the mid-way stage of the UPA's tenure in November 2006. An opinion poll done exclusively for TOI by TNS, a leading market research agency, showed that 25% of respondents rated Chidambaram the best minister, just ahead of the 24% who picked Lalu. No other minister got even 10% of the votes.

What's interesting is that Lalu and Chidambaram are also towards the top of the list in responses to a question on which minister had performed worst. About 5% picked the FM, while 4% each voted for Anbumani Ramadoss, Lalu and Arjun Singh, with Sharad Pawar in fifth slot. Of course, the low percentages suggest that the negative ratings are not serious enough to make any of these ministers worry. They also suggest that opinion about Chidambaram and Lalu tends to be polarized than with most other ministers in Manmohan Singh's team.

What about the government's achievements and failings? There's reason to worry for the UPA here. While low single digit percentages characterised the top responses on achievements – economic growth, developing infrastructure and developing railways in that order – the list of failings had a clear winner: inflation was picked by 24% as the major flaw.

5. Rich nations must cut subsidies to end global food crisis:

23 May 2008, PTI

AUCKLAND: India on Thursday asked the developed countries to reduce trade distorting subsidies in agriculture so that farmers in the developing nations get motivated to grow more grain and end the global food crisis.

"Developing countries have no alternative but to produce more food in the coming years," commerce and industry minister Kamal Nath said in his interaction with media here. But the farmers need to be assured that they would get right prices for their produce in a market which is not distorted by subsidies.

"Subsidies in agriculture have to be reduced much faster than proposed currently so as to send the right signals to developing country farmers," Nath said, reacting on the new negotiating texts on

agriculture and industrial goods by the World Trade Organisation.

The fresh proposals on cutting agricultural subsidies and industrial tariffs under the Doha Round of trade talks were circulated on Monday by Chairs of the two groups.

Nath said while trade ministers of developed nations had talked of tackling global food crisis through reduction of domestic subsidies and agricultural tariffs in the Doha Round, "there has been a studied reluctance on their part to get these recent promises converted into concrete proposals in the draft text".

Pointing to the increase in number of square brackets —issues on which differences among negotiators persists —the Minister said the text on industrial goods needs to be "completely revised and significant convergence achieved before taking the matter for deliberation at the Ministerial level". "A lot of work still needs to be done to narrow differences and converge before identifying a safe landing zone," Nath said.

6. In a first for India, Gujarat to connect all villages via satellite

livemint.com, May. 19, 2008, on IBEF

Each panchayat will have its own email address and more than 13,000 of them will be hosted on the state-owned data centre

New Delhi: Gujarat will be the first state in India to provide high-speed connectivity through satellite-based data connections to all its 13,693 gram panchayats, as village administrative councils are commonly called, by July this year, enabling video, voice and data offerings in the areas of e-governance, distance education, telemedicine, agriculture and interactive advisory and counselling services.

Each panchayat will have its own email address and more than 13,000 of them will be hosted on the state-owned data centre.

The project will be connected through so-called very small aperture terminals or VSATs, which bounce data signals from one location to another via satellites, routing these signals through small dish antennas.

The project will cost Rs200-300 crore, a senior Gujarat government official said. "While a majority of the funds come from the state government, some capacity of between Rs20 crore to Rs25 crore comes from the Central government," said Varesh Sinha, principal secretary of panchayats in the state.

The build-operate-transfer project, announced by the state government in September, has India's largest mobile phone services firm, Bharti Airtel Ltd, which also runs a broadband business, as the implementing agency.

Bharti Airtel, which began work on the project in January, plans to connect the panchayats with broadband connectivity at speeds of 2mbps.

"One of the best things about Gujarat is that there is a lot of great digitization that has happened in the state than anywhere else. This will be said T.R. Madan Mohan, managing partner at management consultancy firm Browne and Mohan, further fuelled by the panchayat connectivity,"

But, he added, he was not sure of the development impact of such a network.

The VSAT-based solution is ideal for connecting far-flung villages, where laying copper or optic fibre cables is an expensive option.

Chris Tobit, Bharti Airtel's director, sales and operations for enterprise services, said the project was on track for completion in July. The New Delhi firm won the contract in October. Gujarat is moving fast in taking information technology or IT to the village level, said an expert overseeing the Centre's common services centres project that aims to roll out some 100,000 computer kiosks countrywide.

"Under this project, each panchayat will have advanced computerized systems and trained IT representatives. Also, every village will have email addresses that will connect them to the state through broadband," said Aruna



Sundararajan, chief executive officer of the common service centres project at IL&FS Ltd, the agency that has facilitated this project.

The state will also be the second to complete its set of 6,000 common service centres by September this year.

Haryana is the only state that has completed 1,000 kiosks.

7. Now, diamonds to carry BIS hallmark

19 May 2008, Melvyn Thomas, TNN

SURAT: Next time when you buy sparkling gems from a jewellery shop to cherish that special occasion, make it a point to ask for the gems inscribed with the BIS hallmark, like the one in gold and silver ornaments. Because, the Bureau of Indian Standards (BIS) has for the first time established the Indian standards on the quality parameters and grading of the polished diamonds in the country.

The BIS, the National Standards Body, after putting in five years of research, has established Indian standards on grading of polished diamonds in line with the International norms, so that the diamonds certified against these standards are accepted globally. Now the Indian Standard (IS) for diamond is IS-15766, which include in two parts such as classification and test methods.

The diamond exporters, manufacturers and dealers have been asked to voluntarily adopt the Indian Standards for grading the diamonds as per the colour, cut, clarity and carat and other test method criteria established by the BIS. Even the BIS recognised hallmarking laboratories across the country have to follow the grading procedure as per the Indian standards set for the colour, clarity, carat weight, cut of the gems processed in India and abroad.

"There were no formal standards adopted by the Indian diamond industry for grading diamonds. This is for the first time in the country, the BIS has established Indian standards for diamonds. This will benefit the end-users immensely by way of quality assurance of the diamonds," said P Sengupta, deputy director general, BIS (western region).

The Indian standard (IS) for grading of the polished diamonds established by the BIS has come at the right time when India is fast emerging as the biggest consumer market for diamond-studded jewellery after China. The domestic market, which is pegged at Rs.10,000 crore to Rs.15,000 crore for diamond-studded jewellery, is growing at 20-25 per cent per annum.

A recent survey by KMPG suggested that India and China each would constitute around \$17 billion worth of diamond consumer market by 2015. The focus of the international companies into diamond jewellery is fast shifting towards Indian and Chinese consumers of diamond-studded jewellery, after US which is worth \$16 billion.

Executive director, IDI, K K Sharma, who has played pivotal role in the whole process, said, "A mere certificate from a reputed laboratory is not enough to build the consumer confidence on real diamonds. The system of altering the real diamonds with synthetic stones is prevalent in India. Under such circumstance, the consumer would now start asking for diamonds marked with BIS hallmark."

Dr.Sneh Bhatla, scientist and head of metallurgical engineering division council of BIS, told Times of India "The BIS recognised gem testing laboratories across the country will be asked to follow the Indian standards for grading the diamonds."

Chandrakant Sanghavi, regional chairman, Gems and Jewellery Export Promotion Council (GJEPC) said, "After 50 years of its establishment, the Indian diamond industry has for the first time got its own standards for diamonds. Till now we were following the formal standards of grading and those of the internationally reputed gem testing laboratories like Gemological Institute of America (GIA) etc."

8. Tech Mahindra bags \$700m deal from BT

16 May 2008, Shelley Singh, TNN

NEW DELHI: Tech Mahindra, the sixth largest IT exporter, has bagged a \$700-million contract from British Telecom (BT) for transforming and improving BT's IT estate or infrastructure. This is one of the largest contracts that any IT company has won in recent months.

It also gives boost to Indian IT at a time when the US subprime crisis and talks of slowdown had dogged IT services companies.

For Tech Mahindra, the \$700 million contract is the third big engagement that the telecom services major has bagged from BT. Earlier, Tech Mahindra had won a \$350-million contract and a \$1 billion IT outsourcing deal from BT.

When contacted, Tech Mahindra president for international operations CP Gurnani said, "At any given time, we are chasing big deals and long-term contracts, but this is purely speculative." The company is due to announce its annual results on May 19 and refused further comments on BT contract, citing silent period requirements. Tech Mahindra's share closed at Rs 933.45, marginally up from its previous day's close.

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9. Wipro to foray into renewable energy

17 May 2008, TNN

BANGALORE: The \$4 billion tech major Wipro is adding another petal to its sunflower. It's foraying into renewable energy business. It currently has presence in IT, consumer care, hydraulic engineering and water purification business.

In a notice to shareholders, Wipro has sought approval for inclusion of this in the memorandum of association. The notice has said, "to design, develop...of every goods and services including equipments in connection with all types of renewable energy systems.'

It plans to build various solutions using the latest technologies in the field of solar, small turbines, bio-gas, biomass-bio fuel and geo-thermal. The renewable energy and water businesses will come under the Wipro Infrastructure Engineering (WIE) segment of Wipro. The shareholder approval for these businesses was necessitated following the merger of WIE within Wipro. WIE has said that it is looking at building a core team for this business.

It has entered into the water business through the acquisition of Aquatech Industries in March, 2008 and has been providing water purification equipment.

WIE manufactures precision-engineered hydraulic cylinders and truck hydraulic solutions for infrastructure sector in manufacturing plants in Sweden, Finland and India.



10. Gurgaon can now go up and up

17 May 2008, Dipak Kumar Dash, TNN

GURGAON: With Gurgaon becoming a popular choice for people looking for a home, the land for residential development is shrinking. To accommodate more people, the Haryana government has now removed the cap on the height of new high rises — both residential and commercial.

According to commissioner (town and country planning and urban estates) D S Dhesi, the norms on building height have been relaxed keeping in mind that there is increased housing demand in Gurgaon. "There is technology available to construct such buildings and the builders have to follow the National Building Code. Moreover, the height of the high rises is subject to the clearance from Airports' Authority of India (AAI)," he said.

Dhesi also said before the decision was taken, the department of town and country planning (DTCP) had surveyed many cities, including Mumbai, where high rises have come up in substantial numbers. "We found there are not many high rises in these cities. The cost of construction increases when the height of the building is more. The developers have to leave open space as per the building norms," he said.

Sources in DTCP said till date, no developer has applied for permission to build such multi-storeyed buildings. However, they are hopeful the major developers will come up with such plans in future.

The present population of Gurgaon is over 17 lakh and the Gurgaon-Manesar Urban Complex Plan 2021 projects to accommodate 37 lakh people. Citizens' organisations have claimed that the figure will cross 60 lakh by 2021. "To accommodate more people in a city like Gurgaon, there is no other option than to go vertical. Given the expansion in economic activities in Gurgaon and its adjoining areas, high rises hold better hope," pointed out urban and regional planning consultant Ramesh Chander Aggarwal.

Aggarwal said as per norms, all constructions over 30 metres in height and within a 10 kilometre radius of the airport have to be cleared by the AAI. However, in Manesar, the height limit is 60 metres. "If we don't go ahead with vertical development and conserve the land, the development will eat into the agricultural land," Aggarwal said.

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11. Eclipsys sets up its second India unit in Pune

US-based healthcare information technology services firm Eclipsys has set up its second India unit in Pune to support its clients in Europe, the US and Australia.

With a headcount of more than 25 in Pune, the company will provide integrated software, advanced clinical content and professional services to hospitals, research institutes and related establishments in the US and Europe.

Eclipsys CEO Andrew Eckert told Business Standard, the company has set up its fully functional unit inside a notified special economic zone (SEZ) at Kharadi, Pune.

With 13 development centres spread across the globe, the company has invested Rs 45 crore for its Pune unit.

"The service sector is growing fast in India. The same is accompanied by availability of skilled manpower in medicine and technical aspects. This has made us focus on India for research and development along with services," said Eckert.

Eclipsys India President Nitin Deshpande said that the company would recruit technicians and medicine professionals from local markets only. "While more and more hospitals and clinical establishments are now depending on information systems, software development and services support in this sector is all set to grow.

India is being looked as one of most important and efficient service provider globally. Eclipsys India will address the global needs through IT support in the healthcare sector," Deshpande stated."In another three years, Eclipsys India will have the maximum headcount as against other units of the company," he added.

12. Maharashtra grape wine export up 50 per cent

[Business Standard](#), May, 19, 2008, on IBEF

Nashik: Maharashtra's grape wine export has jumped 50 per cent in FY 2007-08 to 525,000 litres, against 350,000 litres in the previous FY07. In rupee terms, the export stood at Rs 10.5 crore.

In the last seven years, the grape wine export has increased almost seven-fold from 75,000 litres in FY02 to 525,000 litres in FY 2007-08. Due to continuous rise in grape wine export, the State's grape wine production has also increased ten-fold in the last seven years from 200,000 litres in FY02 to 2.11 crore litres in FY08.

In FY08, 536,000 litres of grape wine were exported from India. Of which, 525,000 litres were exported from Maharashtra alone to France, Italy, Germany, US, New York, UK, Singapore and Belgium.

Speaking to Business Standard, Jaideep Kale, technical coordinator, Grape Wine Park, Maharashtra said, "Grape wine production got a big boost with the coming into effect of Maharashtra grape processing industrial policy in 2001. Today, out of total grape wine production in India, Maharashtra accounts for almost 97 per cent. In FY08, the total wine production of grape wine in India was 2.25 crore litres, out of which Maharashtra's share was 2.11 crore litres."

In FY08, Maharashtra registered around 59.84 per cent growth in wine production to 2.11 crore litres, against 1.32 crore litres in FY07," he said.

Of the country's total 61 wineries, Maharashtra's share is 58. As many as 30 wineries are in Nashik, 11 in Pune, 10 in Sangli, 3 in Solapur, 3 in Buldhana and one in Usmanabad.

Out of total consumption of grape wine in India, around 80 per cent wine consumption is from the major cities- Mumbai (39%), Delhi (23%), Bangalore (9%) and Goa (9%), while the rest of the grape wine consumption i.e 20 per cent is from the rest of India.

"The Indian market is way behind heavy wine drinking countries like France and Italy, where consumption of wine is 60-70 litres, in US 25 litres, in Australia 25 litres, while in China consumption is 4 litres per person per year. But the Indian market has been growing at about 30-40 per cent every year and it is expected to grow at this rate for the next 5-6 years," Kale said.

13. Huda to invest US\$ 1.42 billion for expressway

[Business Standard](#), May, 19, 2008 on IBEF

Hyderabad: The Hyderabad Urban Development Authority (Huda) is investing about Rs 6,000 crore for an eight-lane access-controlled expressway. Part of the Outer Ring Road (ORR) project, it would be taken up in three phases, said Huda vice-chairman KS Jawahar Reddy.

In the first phase, a 24-km road would be laid from Gachibowli to Shamshabad, which is scheduled to be completed by February next year. In the second phase, a road from Shamshabad to Pedda Amberpet in one stretch and from Narsingi to Patencheru in another, in all 60 km, would be laid at an estimated cost of over Rs 2,440 crore.

Five agencies are working on this project on a build, operate and transfer basis. This is likely to be ready by 2010.



The third phase would see laying of a 70-km road connecting Patencheru and Pedda Amberpert. The government would take financial assistance from the Japan Bank for International Cooperation (JBIC) and would soon call for tenders for the project.

Speaking at a seminar on 'Real estate sector: Opportunities and challenges in Andhra Pradesh' organised by the Confederation of Indian Industry (CII)'s Andhra Pradesh chapter, he said 33 radial roads would also be laid at a cost of Rs 3,000-4,000 crore for better connectivity to the city. Work on four radial roads has already begun.

Huda has also identified land for setting up the digital entertainment city and will soon form a special purpose vehicle for the purpose. It is also planning a health city with participation from global players.

The government is also intent on developing townships along the Outer Ring Road. While one project has already begun at Tellapur, the other is being planned on about 800 acre at Srinagar near the international airport.

"We are trying to liberalise the norms for permission," he said, adding the government was in favour of donning a facilitator's role. Huda has also finalised an Ahemdabad-based consultant for preparing a growth plan for the next 20 years.

Ernst & Young partner Ajit Krishnan said increasing urbanisation, rising household incomes and growth in the services sector would trigger growth in the real estate sector, particularly in the residential segment.

However, real estate players are faced with challenges of higher interest rates, RBI regulatory measures, unclear titles and absence of real estate investment trusts.

14. Airports to emerge as business hubs: Study

19 May 2008, Prabhakar Sinha, TNN

NEW DELHI: All new airports in the country will emerge as business hubs with world class office, hospitality and retail space. The modernization and development of airports will not only provide the facelift to respective cities but also boost the real estate sector, said a report by Cushman & Wakefield.

To exploit the trend of developing city centres around airports, the Airport Authority of India has provided huge land for development of commercial realty and retail space. For airports in Mumbai and Delhi, the report said, 50% of the total real estate space has been allocated for commercial development.

India has emerged as one of the most favoured destination in Asia-Pacific region for strong performance of businesses, which led to an influx of MNCs. This has sustained the demand for commercial office space in large cities. The high economic growth across the country also made the smaller cities like Lucknow, Kochi, Coimbatore, Mysore, Jaipur and Indore among others attractive destinations to do businesses.

The report said apart from commercial office space supply, these airport projects will also allow time saving between business meetings during the transit/ waiting period with the proposed convention and business centers that form part of the overall development plan.

In the retail sector also, the report said, huge opportunities are awaited. It said, "With changes in airport security, passengers today are required to arrive early, consequently finding themselves with adequate time to spend before departing." This provides the opportunity to tap the captive consumer base with high spending power.

According to C&W report, airport is emerging as new retail format in India, though it is already a big business in the global arena. If all airport projects under development are modernised as per schedule, non-aeronautical revenues might increase from the current 35% to 54% of total revenue by 2015. It is

estimated that rent from retail, office and hospitality space will constitute around 45% of the total non aeronautical revenue by 2015.

JMD of C&W, Anurag Mathur, said, "Globally airports derive a large portion of income from non-aeronautical revenue sources. Heathrow, San Francisco, Vancouver and Brisbane, bring in as much as 50 % of their revenues from retail and other non-aeronautical resources.

15. Hollywood buys stakes in Bollywood film cos

19 May 2008, Meena Iyer, TNN

CANNES: In the past two years, major Hollywood studios have made inroads into the Indian film industry by striking sizable deals with various Bollywood film corporations. Bollywood trade experts say that approximately Rs 400 crore from various Hollywood studios is committed to Indian film projects.

Disney got 33% stake in UTV; it is also partnering with Yash Chopra for a few animation projects. Sony is looking at a Rs 250 crore deal with Pritish Nandy Corporation. Warner Brothers is producing Nikhil Advani's "Chandni Chowk to China".

The deals, announced in Cannes by Amit Khanna, were brokered for the Reliance ADA group by Hollywood's Emanuel Nunez of the Creative Artists Agency. Speaking to TOI, Nunez admitted that perhaps two years ago, Hollywood might not have considered making such a sizable deal with India. "But the way India is poised today in the global film market is truly amazing," he said.

16. Now, doctors join BPO bandwagon

18 May 2008, PTI

NEW DELHI: After engineers and lawyers, now doctors are also gearing up to join the BPO brigade, with the outsourcing firms opening up alternative career options for medicos.

With more and more outsourcing firms moving into healthcare sector and medical transcription, the job opportunities for doctors and nurses in the country are getting widened, an industry expert said.

In a BPO firm, the job of a doctor can include medical billing, transcription and coding for the US hospitals.

Medical transcription, also known as MT, is an allied health profession, which deals in the process of transcription, or converting voice-recorded reports as dictated by physicians and/or other healthcare professionals into text format.

However, some companies like the Patni also provides high-end knowledge process outsourcing where a doctor is required to study the reports of elderly patients and do risk assessment and prepare reports for health Insurance companies in the US.

At present, the IT services and business outsourcing company has 10 doctors in its team who does insurance claim processing, claim and long-term care management.

Nishikant Kadam, Head of HR of medical BPO CBay said: "We generally hire doctors for training our workforce. The doctors in our firm also work as quality analyst for our medical transcription work."



CBay currently has 11 doctors on its roll. The doctors are also enjoying this corporate job which comes with fat pay-packet.

17. India ranks above China in social welfare

[The Financial Express](#), Mai. 20, 2008, on IBEF

New Delhi: India has fared better in providing social security like health care, education and child welfare to its people than China and Malaysia, as per a new index brought out by the Asian Development Bank.

In a list of 31 Asia-Pacific countries, India ranked at 10th place, above China and Malaysia, but below Uzbekistan, Mongolia, South Korea and Japan, which topped the ADB's Social Protection Index (SPI).

Apart from China and Malaysia, the countries which are ranked below India include Philippines, Nepal, Indonesia and Bangladesh. Pakistan was ranked at the bottom, next only to Papua New Guinea.

The ADB, in the new Index, has established that providing social protection is not subject to the wealth of a nation.

Even poor countries like India can afford to provide social cover in the form of health insurance, labour market, child protection, education among other things, if there is Government will.

On a scale between zero and 1, India has scored 0.46 points, with Japan topping the chart with 0.96 points.

However, the ranking of India shows that although people are getting some level of social protection, the impact of social protection programs on the incomes of the poor is low.

Social protection is basically a term coined for showing the extent to which Asia-Pacific countries provide for welfare, labour market, social security, health insurance, micro-credit, child protection, education, and health support programmes to their citizens, mainly to those living below the poverty line.

The ranking is expected to have some effect on international donors who work for supporting social protection activities.

18. Microfinance sector to reach US\$ 5.86 billion: Study

[The Financial Express](#), May. 20, 2008, on IBEF

New Delhi: The microfinance sector in the country is expected to grow nearly 10 times to reach Rs 25,000 crore in the next four years, a study says.

At present, the sector is estimated to be worth Rs 2,700 crore.

The study conducted by Sa-Dhan, an association of community development finance institutions, shows that the sector is projected to have a Compounded Annual Growth Rate (CAGR) of 76 per cent.

Also, the microfinance client base is estimated at 40 crore from the current 1.5 crore poor people by 2018. By 2012, an annual demand of at least Rs 25,000 crore (USD 6.25 billion at a conversion rate of Rs 40 to a dollar) can be expected, the study stated.

The study is based on data submitted by about 83 microfinance institutions as on December 2007.

It also stated that the government is supporting the sector and the Reserve Bank of India is providing the necessary incentives to the microfinance asset class.

Microfinance is estimated to be providing over 10 crore people with access to micro credit many to thrift, some to insurance and a few so far to remittance transfers.

The report also said the industry should meet accountability at all levels for successful growth.

"External accountability to be provided by client success stories, internal accountability by the organizational hierarchy, forward accountability to be provided by continuous innovation and downward accountability to be provided by delivering effective and transparent services to end clients," the report said.

19. Pacts with developed nations to take Indian trade into new era

[The Economic Times](#), May. 20, 2008, on IBEF

New Delhi: India is currently negotiating preferential trade and investment agreements with some developed countries - the European Union, Japan and Korea.

It is also contemplating similar agreements with Australia and New Zealand. If these agreements materialise (they are most likely to), it would mark a new era in not only India's global trade but also its globalisation per se.

All of India's present bilateral agreements for trade liberalisation are with under-developed or developing countries (barring the Comprehensive Economic Cooperation Agreement with the city-state of Singapore, which, essentially, is a trading economy, and not of the likes of EU or Japan that are strong in manufacturing and large markets themselves).

The extant arrangements - including time-tested FTA with Sri Lanka, the trade treaties with Nepal and Bhutan and the agreement with Bangladesh - are essentially political and so, economic objectives are only secondary in their construct. (Under the pacts with Nepal, Bhutan and Bangladesh, India gives tariff-free access to their products as an act of neighbourly camaraderie, without any reciprocity for that matter).

Even the early harvest scheme with Thailand (to be converted into a full-fledged FTA), the fledgling SAFTA dispensation, the older APTA and SAPTA frameworks, and a clutch of bilateral pacts on the cards with South Asian (Indonesia, Malaysia), the Gulf (GCC) and Latin American (Mercosur) countries have strong political undertones. The proposed much-touted India-Asean trade and investment agreement also has a robust political content, which could undermine economic right-thinking in defining its contours.

Here's where the agreements being negotiated now with the likes of EU, Japan and Korea differ in substance. They are almost totally to be products of hard bargaining based on economic self-interests of the parties concerned. Another way to describe these pacts in the offing is as antibodies being administered to the Indian economy to prepare it for the impending comprehensive and near-total opening up, to be culminated in the full float of rupee. Once these bilateral agreements are operational, the Indian industry can more than get a taste of imports free from tariffs from highly competitive economies and foreign investments treated at par with its own by the country's policymakers. The question is what more would we get from these pacts?

The relevance of these bilateral pacts would anyway diminish if liberalisation happens under the multinational WTO framework. But going by the way the WTO talks are being directed, the most likely scenario will be a crumbling of tariff walls facing goods trade, to precede any WTO-mandated reduction of national regulatory curbs on trade in services, cross-border investments or a weakening of autonomous (national) regimes on competition and IPR policies. To speak more plainly, there's no guarantee that areas such as investment and competition and IPR policies would witness WTO-driven mandatory liberalisation any time soon.



So, India ought to focus on making maximum use of the proposed bilateral pacts with the developed countries for the liberalisation of their policies on foreign trade in services and investment. That doesn't mean we have nothing to gain from these pacts in the area of goods trade. It's myth that tariff walls seldom exist in the developed world.

True, the EU's average level of Customs duty protection is around 4% on industrial goods, taking into account Most Favoured Nation (MFN) rates. But tariff levels are 10% and more on many items of export interest to India, like textiles and clothing and processed agricultural goods. Then, there is the issue of tariff escalation which curbs export of value-added products to the EU countries. Similarly, Japan maintains zero Customs duty on 30% of its imports, but the tariffs are very high for certain farm goods. For example, the duty on some varieties of rice is 1,200%.

It is reasonable to believe that preferential trade pacts with developed countries would immensely benefit not only Indian consumers but the economy as a whole. Let us consider India-EU trade, which is currently \$50 billion-plus and is growing at a brisk pace. EU's imports from India consist mainly of textiles, clothing, chemicals, agro- and marine products. EU, on the other hand, exports machinery and high value consumer items like gems to India.

"Manufacturing systems of developed countries are very different from ours. They (developed countries) make high-tech and value-added items whereas we have strong and potentially strong employment-intensive industries," says former commerce secretary S N Menon. He notes that an India-EU free trade pact would "really bring down" the EU textile tariffs vis-a-vis India and even "equate" these tariffs with the rates prevailing for our competitors in the area of textile exports like Pakistan and Bangladesh, that currently take advantage of the EU's Generalised System of Preference (GSP) and tariff suspension regimes.

The thorny issues involved in the finalisation of India-EU economic pact make it a mirror image of the ongoing WTO talks. The two sides have flagged their separate "negative lists" (items for which tariff concessions wouldn't offered in the light of respective domestic sensitivities) and the negotiations for the pruning of these lists to make the pact meaningful are now underway. The India-EU pact is much more feasible than an India-US pact on this score where the divergence over the sensitive lists could be wider.

But tariffs are only one thing. When it comes to trading with developed countries, India, like many other developing countries, faces the former's indiscriminate invocation of the tool of non-tariff barriers (NTBs) to deny market access. "Targetting NTBs is already a priority for Indian interlocutors as far as the proposed pact with EU is concerned," says Biswajit Dhar of Indian Institute of Foreign Trade. Mr Dhar, however, says New Delhi should be wary about taking positions on areas other than trade in goods and services in the India-EU pact.

"If the agreement is confined to traditional area of trade, it is well and good. If other areas such as investment and competition policies are also to included, we do have certain amount of sensitivities, as our autonomous policy regime is still in a flux. Giving binding commitments to a major trading partner like EU is hazardous at this juncture," cautions Mr Dhar. The contrarian view is that India is anyway mulling to open up sectors such as financial services where foreign investment restrictions exist. "I think the proposed economic pacts with the developed world would make eminent sense if we are able to get market access for products such as textiles, leather and processed agricultural goods, and also facilitate short-term contractual movement of our professionals to the partner countries. We are very much in a position to liberalise foreign investment in financial services," says Mr Menon.

The moot point is that with industrial tariffs likely to be close to zero even in India in the next few years, the proposed bilateral economic pacts with developed countries would be more pertinent in the area of trade in services, investment and competition policies. Whether these pacts are a gain for India in the final analysis would depend on the fine print of the agreements. The outcome of the current talks should be of our genuine liking.

20. EU investment in India surges past China in 2007: Eurostat

[The Economic Times](#), May. 20, 2008, on IBEF

Brussels: The flow of European cash into Indian firms surged more than fourfold last year, far surpassing EU investments into Chinese companies, estimates from the bloc's Eurostat data agency showed on Monday.

Foreign direct investment from the 27-nation European Union into India jumped to 10.9 billion euros (17.0 billion dollars) last year, up from 2.5 billion in 2006, Eurostat said.

Meanwhile, the flow of EU foreign direct investment (FDI) into China -- excluding Hong Kong -- slumped last year to 1.8 billion euros from 6.0 billion euros in 2006 despite intense media interest in the country as an emerging Asian economic power.

The drop meant that China was the least popular destination for EU FDI last year among the four major emerging economies, with oil-rich Russia taking in 17.1 billion euros in European investment and Brazil 7.1 billion euros.

The United States, Europe's biggest trade partner, remained by far the biggest destination for EU investors' cash, taking in 112.6 billion euros, up from 79.0 billion euros.

Overall, EU FDI into the rest of the world rose 53 percent last year to 419.9 billion euros, up from 275.0 billion euros in 2006.

Meanwhile, non-European investors ratcheted up investments in the EU by 89 percent last year to 319.2 billion euros from the 168.9 billion euros recorded in 2006.

Britain took in the lion's share of FDI into Europe last year, with 87.0 billion euros or 27 percent of the total.

Despite its diminutive size, financial services hub Luxembourg was the second biggest recipient of FDI in Europe last year with 50.2 billion euros or 16 percent of the total.

The Grand Duchy was followed by France which attracted 23.4 billion euros of FDI last year or seven percent of the total.

Eurostat defines FDI as a long-term investment by an investor in one country in a company in another country that gives the investor more than 10 percent control over the voting rights on the target company's board of directors.

21. India attracts \$25 billion FDI in 2007-08

20 May 2008, PTI

LONDON: Foreign Direct Investment into India has surged to over \$25 billion in 2007-08 and the country's Foreign Exchange Reserve crossed \$341 billion as of Tuesday, Ashwani Kumar, Minister of State for Commerce and Industry has said.

Addressing the two-day India Investors' Summit organised by Financial News in association with Dow Jones and The Wall Street Journal in London, Ashwani Kumar highlighted the initiatives of the UPA government in making growth more inclusive and the emphasis laid on education and health in the context of providing skills and better quality of life.

He said the next wave would be in the skill-based manufacturing sector.

Nearly 500 delegates from business and industry registered for the event which discussed the current social, financial and economic dynamics of doing business with India.



Ashwani Kumar gave a background to the reform process in India and the key drivers of India's growth.

To support his argument of the sustainability of GDP growth of over 8 per cent in the long run, he observed that India had the advantage of a huge young workforce (24 per cent of the population are below the age of 28 years, 54 per cent of the population are in the working group) and a very high savings and investment rate (over 35 per cent of GDP).

Domestic demand and investment are the key drivers of growth and therefore insulate the Indian economy to a large extent from the sub-prime crisis.

Inflation, though a major concern, could be contained. The growth potential of services sector in India was enormous at \$200 billion offering employment to 40 million people, he said.

22. HPCL-Mittal Energy-Total consortium to fuel US\$ 81.94 billion investment in petro hub

[The Economic Times](#), May. 20, 2008, on IBEF

New Delhi: A cabinet secretary-chaired panel last week cleared the first mega oil, chemical and petrochemical investment hub, which is expected to attract an investment of Rs 3,43,000 crore.

Mittal Energy Investments, Total SA of France and oil refining and marketing major Hindustan Petroleum Corp (HPCL) would invest Rs 32,000 crore in the proposed petroleum, chemical and petrochemical investment region (PCPIR) which the Andhra Pradesh government has proposed in the Vishakhapatnam-East Godavari region.

The Cabinet committee on economic affairs (CCEA) is expected to consider the proposal on Thursday to give it the final go-ahead before the companies start construction work. The state government has a small administrative step to complete the process: notify the 603-sq km area as the petroleum, chemical and petrochemical hub, it is learned.

The massive investment - half of which has been committed by the investors - is expected to change the face of the southern state with anticipated exports of Rs 58,000 crore a year, tax receipts of Rs 46,500 crore a year and creation of 12 lakh jobs. The investment region is expected to account for 9% of the total value of goods and services produced in the state.

The Rs 32,000-crore investments by the HPCL-Mittal Energy-Total SA consortium will be the anchor tenant in the investment region, with numerous manufacturing units in the pharmaceutical, chemical, petrochemical and other specialised downstream industries coming up around it.

The consortium will set up a 15 million metric tonne a year (mmtpa) refining-cum-petrochemical complex at the Andhra Pradesh SEZ within the region. Besides this, HPCL is expected invest another Rs 10,000 crore to double its existing 7.5 mmtpa refining capacity in the region. Public sector refining major Oil & Natural Gas Corp (ONGC) would invest Rs 31,000 crore to set up a refinery and polypropylene unit in Kakinada SEZ.

The plan is to develop a number of SEZs, industrial parks, infrastructure projects and free trade and warehousing zones in the Vishakhapatnam-East Godavari region. While the central government is expected to provide financial support of Rs 5,214 crore for building roads, ports and airports, Andhra Pradesh intends to invest Rs 2,132 crore in building infrastructure. The state will also facilitate private sector participation in infrastructure creation at a cost of Rs 10,565 crore, it is understood.

23. Cancer drug market to touch \$48b in 2008

20 May 2008, Rupali Mukherjee, TNN

NEW DELHI: The global oncology market (anti-cancer drugs) —growing the fastest among all therapies, is expected to touch \$48 billion this year, fuelled by higher drug spending in emerging economies including India.

Pharmaceutical spending in countries such as India, Mexico and Turkey will grow by 12% over the next 15 years, compared with single-digit growth for more developed nations, estimates research consultancy IMS.

Sale of cancer drugs will grow at nearly double the rate of global pharma market and reach \$80 billion by 2012. The overall pharma market is expected to grow at a little over 6%.

Advent and introduction of new treatments, an increasing number of patients on chemotherapy in major markets and evidence that more people in emerging markets are gaining access to modern targeted therapies will contribute to sales of cancer drugs growing at a compound rate of 12 to 15%, industry experts say.

In India, the oncology market is \$225 million (Rs 900 crore), and is expected to reach \$850 million (Rs 3350 crore) by 2012, growing with a CAGR of nearly 30%.

"With the incidence of cancer cases rising in India, companies have realized the potential that this segment has to offer. Approximately 30 companies operate in oncology segment like Biocon, Ranbaxy, Cipla, Dr Reddys, Sun Pharma, Nicholas Piramal, AstraZeneca are already here with a slew of drugs" says Sujay Shetty associate director (life sciences), PricewaterhouseCoopers India.

To get a toe-hold in the growing market, Ranbaxy has entered into a partnership with Zenotech for oncology products. In US, Ranbaxy-Zenotech has successfully filed seven generic injectable ANDAs (abbreviated new drug applications) for products with combined market share of over \$2 billion (at innovator prices). In India, Zenotech has introduced a speciality oncology product for treatment of renal cell carcinoma (kidney cancer).

With upwards of 3.5 million cases as estimated prevalence in India and with one million plus new cases diagnosed every year, the scourge of cancer is a tremendous disease burden. Cancer of the head and neck among males and that of the cervix and breast among females are leading the tables in terms of the key tumor types.

"In India and internationally, more and more research is focused on discovering new modalities of treatment that can help patients with cancer live longer and better lives. Increasingly, the role of biotechnology and newer drug delivery modalities is becoming central to these research endeavours", says Dr Sudhir Dhillon, GM oncotherapeutics, Biocon Limited.

Biocons BIOMAb EGFR —the first humanized monoclonal antibody, is currently approved in India for use in management of head and neck tumors.

A phase II trial for adult glioma cancers is currently underway. Another trial in non-small cell lung cancer is expected to initiate shortly at several key cancer centers. More trials expanding the application of BIOMAb EGFR to other solid tumors are being planned for roll out in near future, he adds.



24. Specialist life sciences VC funds beginning to strike deals in India

livemint.com, May 21, 2008, on IBEF

Private equity players say India does not have a track record of launching new molecules or significant proof-of-concept innovations which investors like to see

Bangalore: After playing second fiddle to technology firms for a long time, the life sciences sector in India is finally attracting specialist venture capital (VC) from global and local funds.

Last week, US-based MPM Capital, the world's largest dedicated life sciences fund, made its first investment in India, backing Sai Advantium Pharma, Ltd, a Hyderabad-based drug discovery and development services firm, for \$20 million (Rs85.4 crore).

In the coming fortnight, Evolvence India Life Sciences Fund, or EILSF, part of private equity player Evolvence India, will announce its first investment this year, and third so far, in a mid-size pharmaceutical firm making generic, or off- patent, drugs.

The fund declined to name the company.

"In addition, we are in discussions with a medical devices company and a leading drug discovery services company," says Hari Buggana, managing director of EILSF. He expects to invest \$30 million in about three deals over two months.

San Francisco-based Burrill and Co., specializing in life sciences, private equity and merchant banking, too, has been evaluating Indian companies and is likely to close a deal soon.

"I am looking across the entire life sciences sector and my deal pipeline encompasses all the three sectors mentioned above," says Tania Fernandez, a director at Burrill.

There have been several life sciences VC deals in the past (such as the backing for **Dr Reddy's Laboratories Ltd's** Perlecan Pharma unit from **ICICI Venture Ltd** and **Citigroup Inc.**, and the funding of **Mankind Pharma Ltd** by **Chryscapital LLC**) but this is the first time transactions by life sciences specialist funds are gaining momentum.

While the MPM deal is the single largest such investment in India, other investors seem inclined towards smaller outlays, preferably in so-called "safer deals" which have a services component to keep the revenues coming.

Private equity players say India does not have a track record of launching new molecules or significant proof-of-concept innovations which investors like to see.

"Investors' scepticism about Indian pharmas' ability to launch a new chemical entity could be replaced with optimism once a molecule discovered in an Indian pharma company's lab is successfully launched in regulated markets," says Buggana. Such an event, he thinks, is perhaps a few years away.

Still, Buggana believes generic drugs business will see a lot of activity as more drugs lose patent protection. Discovering non-infringing processes to get over patent barriers of innovator pharma companies is a "non-trivial effort", he says. Devices and diagnostics are other areas where, analysts say, investors are active.

But, when it comes to long-term research, there is no risk appetite.

"There are a handful of ubiquitous US-like biotech companies here who are doing good work at a fraction of cost, but it's not easy even for them to get funds," says Alok Gupta, country head, life sciences and technology, at **Yes Bank Ltd** in Mumbai. The bank is raising a \$100 million life sciences fund.

Some believe research-based and intellectual property-driven companies will become attractive for investors. "Ours will not be a pure play CRO (contract research organization)," says Fernandez, as Burrill is keen on intellectual property generation within a company. "Because this is where the company will generate value and make itself competitive."

25. Grupo Mexico to block US buy of Sterlite

2 Jun 2008, TIMES NEWS NETWORK & AGENCIES

CHENNAI: A day after Sterlite announced that it was acquiring Asarco, owner of Asarco and copper miner - Grupo Mexico has said that it will do "absolutely everything" in its power to block the sale of its bankrupt subsidiary, which could also be a legal tangle.

Grupo Mexico says it was denied key information that would have allowed it to properly value Asarco. Sterlite officials, while expressing optimism over their stand however said that every party had a right to appeal. "We need to get only one clearance, that of U S Bankruptcy Court in Texas," a Sterlite spokesperson said.

Sterlite, part of London-listed Vedanta Resources, on Saturday said that it had agreed to buy the entire operating assets of Asarco for \$2.60 billion in an all cash deal, also making it the largest deal by an Indian company in 2008.

The deal catapults, Anil Agarwal-controlled, Sterlite into the world's third largest copper producer from the present fifth, with estimated reserves of 12-13 million tonnes. Besides, it also gives the metal major a global footprint and a key foothold in North America.

Asarco filed for bankruptcy protection in 2005 after it was sued for \$1 billion over environmental cleanup and asbestos claims.

"The asset acquisition is on cash free and debt-free basis. Sterlite will assume operating liabilities, but not legacy liabilities for asbestos and environmental claims for ceased operations," a company statement said.

Sterlite said the deal would be funded through debt and existing cash. "We will decide on how much we raise as debt at the appropriate time," the Sterlite spokesperson said.

"The USP of the group is to buy high cost under-utilised assets and turn them around. Take a look at Balco or Hindustan Zinc. Can't comment if the price paid is more or not," an analyst tracking metals said.

Tucson-based Asarco, the third largest copper maker in United States, had revenue of \$1.9 billion in 2007, Sterlite, a unit of Vedanta Resources said. "Asarco is a strategic fit with Sterlite's existing copper business," the Indian firm said in a statement.

Indian firms coming of years of strong profitable growth and clean balance sheets that aid easy access to capital have been snapping up overseas firms to expand their presence globally.

Cellular firm Reliance Communications Ltd has started talks with South Africa's MTN that could culminate in the creation of a \$66 billion telecom group. Tata Steel last year engineered India's biggest takeover to date, a \$13 billion purchase of Anglo-Dutch steel maker Corus Group.

26. Vedanta starts land acquisition for steel project in Orissa

21 May 2008, Udit Prasanna Mukherji, TNN

KOLKATA: Vedanta, the biggest non ferrous metal group in India, has started land acquisition for its first ever steel venture at Keonjhar in Orissa. The process was kicked off earlier this month.



The company also hopes to start its third aluminium smelter in the country by the end of June. Once in place, the group's smelter capacity would go up to almost 10 lakh tonne.

The \$5-billion group promoted by Anil Agarwal has already floated an outfit called Sterlite Iron & Steel Company (SISC) for undertaking the Rs 12,500 crore project in Orissa. Sources said the group has identified 3,000 acres for the proposed 5.1 million tonne venture, which will mark the group's foray in steel making.

"This project will be like a forward integration for the group in Orissa as Sesa Goa has iron ore mines in the state which could be utilized for the project," sources said. Last year, Vedanta acquired Sesa Goa from the government.

"The preliminary planning is on for an integrated environment management programme and production requirements," sources said. It is learnt that the group would explore more iron ore mines in Orissa and abroad. "The company is investing Rs 8,400 crore in phases in this project. The smelter will have a capacity of 5 lakh tonne per year," they said.

"In the first phase, 2.5 lakh tonne and a portion of 1215 MW captive power plant will be operational. The total employment in the project will be around 6,000 people," they further added.

27. Indo-US trade set to grow 50 per cent, says Consul General

[The Hindu Business Line](#), May. 22, 2008, on IBEF

Kolkata: The Indo-US bilateral trade relationship is projected to grow at about 50 per cent at \$60 billion during 2008-09, against about \$40 billion in 2007-08, Mr Henry Jardine, the US Consul General in Kolkata, said here on Wednesday.

"I recall when I arrived we spoke of a bilateral trade relationship valued at about \$20 billion and now in the coming year, we are projecting possibly \$60 billion in bilateral trade," Mr Jardine said.

The Consul-General, who is leaving the city in July, was sharing his experiences about Bengal and the business prospects in the near future.

The US investments so far have been focused on petrochemicals, information technology, financial services, engineering and infrastructure.

"With recent agreements signed between India and the US, other areas of opportunities, such as agro-business, science and technology, are set to offer good potential," Mr Jardine said.

Eastern India and West Bengal in particular need investment in infrastructure such as large multi-lane highways, overpasses, bridges, additional ports, and airports, he said.

More than 30 per cent of farm products do not reach the market because of inefficient cold storage and transportation systems.

Foreign investment in these areas will help farmers get a better deal, apart from bringing costs down, he added. Talking about the impact of frequent strikes on industrial growth, Mr Jardine said that bandhs could pose a serious problem for setting up new industries.

"It is sometimes difficult to get American companies to set up a base here," he said.

28. Spices exports cross US\$ 1 billion mark

[The Hindu Business Line](#), May.23, 2008, on IBEF

Register an increase of 19% in volume terms, 24% in rupee value

Kochi: India's spices export has crossed \$1-billion mark in 2007-08 by registering an increase of 19 per cent in volume, 24 per cent in rupee value and 39 per cent in dollar terms of value.

During the year, a total of 4,44,250 tonnes of spices and spice products valued at Rs 4,435.50 crore (\$101.80 million) were exported from the country as against 3,73,750 tonnes valued at Rs 3,575.75 crore (\$792.95 million) in the previous year.

Target exceeded

Mr V.J. Kurien, Chairman, Spices Board, said at a press meet that the spices export in 2007-08 has also far exceeded the target fixed for the year both in volume and value terms. Against the target of 3.8 lakh tonnes valued at Rs 3,600 crore (\$875 million) fixed for the year, the achievement has been 117 per cent in volume, 123 per cent in rupee value and 126 per cent in dollar value.

"The Board has fixed an export target of \$1.2 billion for the year 2008-09 and we are very optimistic of sustaining the growth", he added.

Growth in volume, value

During the year 2007-08, the export of pepper, chilli, seed spices such as coriander, cumin, fennel, fenugreek and other seeds has shown substantial growth both in volume and value as compared to last year. The export of value added products such as curry powder, mint products and spice oils and oleoresins have also shown impressive growth during the period.

However, export of some of the items such as cardamom (large) ginger, turmeric, celery, garlic and nutmeg and mace fell short of last year's performance.

In the case of cardamom (small), the export value has gone up by 11 per cent in spite of a decrease of 23 per cent because of higher unit value realisation.

For vanilla, because of competitive price advantage, the export volume has increased substantially by 60 per cent in 2007-08. However, the value has decreased by 11 per cent due to low unit value when compared to last year. The export of chilli has reached an all-time high of 2.09 lakh tonnes valued at Rs 1,097.50 crore accounting for a share of 47 per cent in volume and 25 per cent in value of the total export of spices and spice products from the country.

The stringent quality measures implemented by the Spices Board have made Indian chilli more acceptable in the international markets. Moreover, the lower output by the major producers such as China, Pakistan has also helped India to achieve the record performance, Mr Kurien said adding, that the Board had also suggested e-auction in chilli at Guntur to fetch better prices for farmers.

The export of ginger has declined both in terms of quantity and value as compared to 2006-07. The decline has been 11 per cent in volume and 30 per cent in value.

The domestic price of ginger, which was in the range of Rs 45-65 a kg in 2006-07, has gone up to Rs 80 per kg in March 2008. The higher prices made the Indian ginger uncompetitive in the international market.



29. Punjab nod for US\$ 4.67 billion infrastructure projects

[The Financial Express](#), May. 23, 2008, on IBEF

Chandigarh: The Punjab Infrastructure Development Board (PIDB) has cleared several projects on Thursday. The projects include an eight-lane super-express highway connecting Pathankot with Ajmer via Jalandhar, a luxury train encircling the entire religious ambit of the state covering Mohali, Patiala, Amritsar, Kangra and Anandpur Sahib, eight-lane ring-roads around Ludhiana, Amritsar and Jalandhar, an IT tower at Mohali and a super expressway to connect Mohali international airport with Amritsar, by-passing Phagwara and Jalandhar. The 22nd meeting of PIDB was chaired by the Punjab chief minister Parkash Singh Badal. The projects, worth Rs 20,000 crore, got the board's approval to take Punjab into "the brave new world" of dream infrastructure."

In addition, the board also approved in principle an infra-structure transformation outlay of additional Rs 35,000 crore that would radically alter the way Punjab appears today. Most of these projects were a part of the 'Vision Punjab 2010' released by MP Sukhbir Singh Badal just ahead of the Assembly elections held in February last year.

In a major decision of far-reaching implications, the board gave its approval for engaging the services of two infrastructure developments consultancy concerns. One, that of international repute to conceive infrastructure projects of world class quality and its implementation in time-bound manner. The other is to increase the revenue of PIDB, besides generating resources to make its functioning more viable.

Punjab finance minister and vice chairman of PIDB, Manpreet Singh Badal pointed out at the meeting that Punjab needed an investment of at least Rs 35,000 crore for global infrastructure projects over the next three years, besides the projects of Rs 20,000 crore.

The board also approved the Lalru-Baddi, Mohali-Phagwara expressway, including a link to the Mohali international airport, with a possible detour to Amritsar from the outskirts of Phagwara. A pre-feasibility study is likely to be undertaken to examine the possibility of by-passing Jalandhar en route Amritsar.

Punjab is also set to move into the era of radio-cabs, with the board approving of this service in five major towns of the state. The board also approved the introduction of city bus service at Amritsar, Jalandhar and Ludhiana. Sanction was accorded to set up a hotel management institute at village Boothgarh near Mohali and another at Sirhind, modern bus terminals at Mohali, Bathinda, Patiala and Hoshiarpur, high-level bridge at Chaki Nadi near Pathankot, computerised integrated check post, multi-specialty hospital at Mohali and Bathinda, five star hotel & parking-cum-commercial complex at Bathinda.

30. Birlas line up Rs 80,000 crore (\$20 bn) investment for Orissa

23 May 2008, Sandeep Mishra, TNN, on IBEF

BHUBANESWAR: It rained rupees yet again for Orissa on Thursday when the Aditya Birla Group unveiled plans to invest around Rs 75,000 to Rs 80,000 crore in the state in different sectors ranging from metallurgy to business process outsourcing (BPO). Company chairman Kumar Mangalam Birla announced this following a meeting with chief minister Naveen Patnaik here.

The leading industrial group already has a presence in the alumina and aluminium sector in Orissa, with company subsidiaries Utkal Alumina International Limited (UAIL) in the process of establishing a million tonne per annum alumina refinery at Kasipur in Rayagada and Hindalco having a smelter plant in Sambalpur. We are committed to more investment in Orissa, which is a very important investment destination for us, Birla said, emerging from the discussion with the CM.

Birla said the group had plans in the aluminium, cement, telecom services, port and retail sectors for Orissa and pegged the investment around Rs 80,000 crore. He did not specify any timeframe for the proposed investment but disclosed that the company would foray into the states retail sector within six months. Official sources said the group has proposed to set up a 3.5 MTPA cement facility in

Sundergarh district, expand its smelter unit from 0.26 MTPA to 0.5 MTPA and alumina refinery from one MTPA to 1.5 MTPA.

The corporate honcho divulged little about his deliberations with Naveen and Co and said, We have several projects in Orissa and this (the meeting) was just to apprise the CM (about those). Our projects are progressing well. We are committed to lot of social work in the project sites like setting up ITIs and health centres.

On the UAIL project facing trouble following land oustees demand to hike the compensation amount, Birla said the company had complied with the package given to us and agreed upon. I cant commit on a new package, he remarked and added that the group would be happy with a reasonable settlement. The Aditya Birla Group took over UAIL from Canadas Alcan around four years back, but its construction work has been hit following resistance from the project affected people, who are demanding enhancement in compensation amount.

31. Reliance Power to set up 3,910 mw thermal plant in Madhya Pradesh

[The Financial Express](#), May. 23, 2008, on IBEF

Mumbai: After bagging the 4,000 mw ultra mega power project (UMPP) at Sasan in Madhya Pradesh, the Anil Dhirubhai Ambani Group (ADAG) company Reliance Power has launched the development of another coal-based project with a generation capacity of 3,910 mw in Madhya Pradesh with an investment of Rs 18,000 crore. The company has already signed the state support agreement with the Madhya Pradesh government.

The proposed thermal project, which is the part of Reliance Power's plan to create generate capacity of 28,500 mw in next 10 to 12 years, would be developed on 80:30 debt-equity ratio. Of the Rs 18,000 crore, the company would raise Rs 8,900 crore through external commercial borrowings and Rs 6,000 crore of rupee loan. The balance would be its equity.

Reliance Power has received letter from the Madhya Pradesh Power Corporation (MPPC) for the purchase of 1,200 mw of the proposed project at Rs 2.34 per unit. The company sources told FE , "The project will be developed in four years after signing the power purchase agreement with various utilities. The company is, at present, in talks with Maharashtra, Harayana, Mumbai utilities for the sale of the balance power. The company will seek coal linkage of 15 million tonne for the proposed project."

Sources informed that six units of 600 mw would be installed. Reliance Power would weigh various options of sourcing power plants and equipment from India and foreign manufacturers including Chinese. According to sources, the Madhya Pradesh government has assured to help in the land acquisition and water supply for the project. Further, the project would get mega powr project status as Reliance Power proposes to sell power to more than one buyer. The mega power enjoys concession in customs duty on equipments and raw materials.

32. Formulations business drives pharma exports up 16 per cent in 2007-08

[The Hindu Business Line](#), May 26, 2008, on IBEF

Hyderabad: Export of pharmaceuticals from the country increased 16 per cent in 2007-08 compared with the previous financial year. According to provisional figures available with Pharmaceutical Export Promotion Council (Pharmexcil), the pharmaceutical exports in 2007-08 stood at Rs 28,703 crore against Rs 24,600 crore in 2006-07.

Export growth	
Year	In %
2007-08	16
2006-07	18
2005-06	23
2004-05	17
2003-04	18
<i>Source: Pharmexcil</i>	

“Though the growth rate had come down by two percentage points in comparison with 2006-07, which registered about 18 per cent growth over the earlier year, the overall growth is satisfying at a time when the rupee’s appreciation against the dollar was a major concern,” Dr P.V. Appaji, Executive Director, Pharmexcil, told Business Line here.

The increased competition from China in global markets and the appreciation of the rupee against the dollar were behind the dip in the growth rate compared with that of 2006-07, he added.

According to Mr M. Narayana Reddy, President, Bulk Drug Manufacturers Association of India, the growth in exports was driven by India’s increased share in global new formulations business.

More to cheer

On the slight dip in exports growth rate, Mr Reddy said there was more to cheer about the overall growth than to worry over relative decline in comparison with 2006-07. “The market conditions were very tough last year, with price hikes of raw material imports from China and pricing pressures in many markets,” he said.

The pharmaceutical industry was expecting similar challenges in the global market this year too, he added.

However, from next year, the prospects for pharma exports are likely to brighten with availability of domestic raw materials for bulk drug manufacturers.

The increase in Chinese raw material prices is turning domestic Active Pharmaceutical Ingredients production profitable, which would pick up by next year. “This would reduce input costs for our drug-makers offering price advantage in the export market,” he explained.

Potential for generics

According to Dr Will Mitchell, professor of Business Administration (strategy), Duke School of Business, Duke University, US and director of Neuland Laboratories Ltd, the growing market potential for generics in Europe and the US would offer big export opportunity for Indian pharma companies over the next five years.

“About 66 per cent of medical prescriptions in the US are in generics and this itself is a big

opportunity," he said.

33. Apollo Tyres to pump in US\$ 469.58 million on capacity expansion

[The Economic Times](#), May. 26, 2008, on IBEF

New Delhi: Apollo Tyres plans to invest Rs 2,000 crore in the next three years to increase its production capacity both in the country and abroad.

The firm, which plans a greenfield facility in Hungary, is also setting up a plant in Chennai, while increasing the capacity at its Vadodara plant.

"We will invest Rs 2,000 crore in next three years including Euro 200 million for our upcoming plant in Hungary," Apollo Tyres Chief of India Operations Satish Sharma said.

He said the company would invest around Rs 1,350 crore in setting up the facility in Hungary for which it had bought about 45 hectares of land earlier this year.

The Hungary plant would be the company's hub to service its passenger car radial tyre buyers in Europe, North America as well as other countries.

The company also plans to augment capacity of passenger car tyre production at its Vadodara unit from the existing 10,000 tyres a day to 15,000 tyres a day by the mid-2009.

Apollo would also increase its truck-bus radial tyres manufacturing capacity at Vadodara near four-fold from the present 300 tyres a day to about 1,100 tyres a day by the middle of next year.

The Vadodara plant would also manufacture off-the-road tyres for which the firm has entered in to a tripartite pact with construction equipment maker BEML and Coal India.

Part of the investment would also go in setting up a production unit in Chennai with a capacity of 20,000 tyres a day. This too would be achieved by the mid-2009, Sharma said.

He, however, declined to give the break-up of the investment in the two domestic plants.

Meanwhile, the firm is also planning to provide after sales support for its truck and bus tyres. With the increasing radialisation in commercial vehicle tyres, Apollo is setting up a chain of wheel balancing and aligning centres called 'Trust'.

It is opening its first such centre in Salem, Tamil Nadu, and would later expand the chain to other cities.

34. Women take the lead in rural BPOs

26 May 2008, Padmaja Shastri, TNN

HYDERABAD: If you thought gender bias was loaded against women in rural areas, it does not seem to reflect atleast in one — rural business processing organizations. In fact, most BPOs in rural India declare that over 60% of their employees are women and in some cases, its even 100%.

The percentage of women in BPOs concentrated in the urban areas is still hovering at around 50%, according to industry estimates. "While in terms of skill-sets and their understanding a task/project, women are as good as men. But women tend to stay on for loyalty sake and are less likely to jump ship," said Ashwanth G, HR manager of Desicrew Solutions, a rural BPO promoted by Ashok Jhunjhunwala of IIT Madras.

In the rural set-up, there are few such other jobs on offer, said Ashwanth to TOI on the sidelines of a



national conference on rural BPOs organized by Byrraju Foundation, which operates GramIT, a rural BPO. About 80% of the employees of Desicrew, which is operating in seven villages of Tamil Nadu, are women and it also has two all-women centres. According to Mithun Chittilapilly, director of Vintes, rural boys have more opportunities to go out to cities for better paying jobs, while girls usually stay back in the village because of societal/family reasons, even if they are educated.

All 100 people working with Vintes, operating in three Kerala villages, are women. But lack of other opportunities is not the only reason why women are more in number in rural BPOs. "We give the same entrance test for both boys and girls and have no gender discrimination in our intake policy. But somehow girls seem to be more successful in our test and 75 of our 125 people are girls," said C S Gopinath, senior vice-president of HDFC Bank, who set up the first centre of the bank's captive BPO at Nellore in Andhra Pradesh.

For Source for Change (SFC), an all-women BPO founded by IndiCorps Fellows and incubated by the Piramal Foundation at Bagar, a village in Jhunjhunu district of Rajasthan, the focus on women is a way of tapping dormant talent. "While there is a high rate of female literacy in the area, they are not employed due to lack of opportunities and social reluctance," said Karthik Raman of SFC.

While empowerment of rural women is the driving factor for some rural BPOs, for JSoft Solutions, part of the JSW Group, which currently has an all-women BPO 'The Data Hali' at Bellary in Karnataka, it is also a matter of necessity. "Many fathers do not like the idea of sending their daughters to work alongwith boys. And if by chance, any girl goes out with a boy for a movie, the social stigma is so high that the whole village will boycott us. So, it made sense to have a women-only BPO," said Madhukar Rajagopal, CEO of JSoft.

35. ICICI to expand US business

26 May 2008, PTI

MUMBAI: India's largest private sector bank ICICI will open a host of offices in select US cities with a focus to market its products and services to mid-level NRI entrepreneurs, a market with potential of about \$5 billion.

Besides New York, where the bank has a presence, it will soon open offices in California, New Jersey, Texas and Illinois, home to a large number of Indian professionals and businessmen. This is in line with the bank's intention to position itself as a community bank for the Indians abroad.

36. IDBI Bank eyes more acquisitions

26 May 2008, PTI

The public sector bank has already initiated discussions with a few private and public sector banks and hopes to seal an acquisition this fiscal, an official close to the development said, without, however, disclosing the identities of the banks.

"The bank is in serious discussions with a few mid-sized banks. A decision can be expected in the next few months," he said.

While an acquisition will provide IDBI Bank with a ready branch network, it is simultaneously focussing on organic growth as well and proposes to open 200 branches and an equal number of ATMs this fiscal. "IDBI has current customer-base of 20 lakh, which, we plan to augment in the period ahead," Deputy Managing Director, O V Bundellu said.

37. Banking sector has a good fourth quarter

[Business Standard](#), May. 16, 2008, on IBEF

Mumbai: The banking sector has done well in the quarter ended March 2008 on the back of lower provisioning, modest rise in staff cost and strong net interest margins (NIM) reported by private sector banks. The interest income of 18 public sector banks (PSBs) and seven private banks (PBs) grew by 28.4 per cent, while the net profit rose at a higher pace of 33.61 per cent.

The net interest income (NII) increased by 11.3 per cent, indicating the high cost of deposits and low spread. This is largely on account of an increase in the cash reserve ratio (CRR) and a moderate cut in prime lending rates by most PSBs.

The succor came from other income that rose by 20.5 per cent and lower provisioning by PSBs, up by five per cent.

The sequential net interest margins (NIMs) of most PSBs were under pressure after registering some improvement in the third quarter. The NII of 18 PSBs grew by 0.70 per cent, while NIMs declined by 7.55 percentage points to 30.57 per cent over the fourth quarter of the previous year. The 18 PSBs recorded 28.9 per cent rise in net profit, thanks to lower provisioning for non-performing assets and corporate tax.

Healthy Numbers							
(Rs lakhs)	Q4 2008 growth rate					Q4 NIM %	
	Int income	Int cost	NII	Provision	Net profit	7-Mar	8-Mar
Public Bank							
State Bank of India	29.08	46.98	5.58	37.71	26.08	43.23	35.36
Bank of India	33.88	38.69	25.71	-6.46	69.19	37.01	34.75
Canara Bank	17.99	33.21	-12.92	-24.53	-8.12	33	24.35
IDBI Bank	23.99	25.72	10.94	-82.83	14.73	11.72	10.49
Union Bank of India	24.23	41.19	-1	15.82	127.99	40.21	32.04
Private Bank							
Axis Bank	47.46	31.52	78.45	54.18	70.56	33.97	41.1
HDFC Bank	53.45	50.69	55.72	74.17	37.12	54.73	55.55
ICICI Bank	25.54	24.29	29.23	8.12	39.35	25.16	25.9
ING Vysya Bank	28.38	31.81	21.41	-51.15	133.17	32.98	31.19
Kotak Mahindra Bank	79.88	62.92	99.72	73.59	85.72	46.09	51.17

The operating expenses of PSBs were almost flat on account of a decline in the wage costs (-13.2 per cent). The wage costs came down partly due to the write-back of excess provisions for employee liabilities following the revised AS-15 norms. The retiring employees also contributed to lower staff costs.

The PSBs registered a strong net profit growth of 28.9 per cent despite a decline in NII of 10 PSBs and modest single digit growth for other banks. The low growth in operating expenses and reduced provisioning were among the major reasons for the high growth in net profit. The wage costs were substantially higher for IDBI Bank and State Bank of Travancore, while they declined in the case of 10 banks, including SBI.

The PBs, however, saw an improvement in NIMs, with stable yields and marginally lower cost of



funds. The NII of seven PBs rose by 47.3 per cent, while the NIMs increased by 2.56 percentage points to 35.41 per cent from 32.85 per cent in the previous year.

No wonder, the net profit rose 47.9 per cent despite the higher provision for bad debts (up 22.5 per cent) and corporate tax (up 66.4 per cent).

Most private banks have done some provisioning for stressed cases. Axis Bank and Kotak Mahindra have disclosed the clients' losses, while ICICI and HDFC Bank have been silent on the matter.

The employee costs (+32.2 per cent) of PBs have remained on the higher side due to their rapidly expanding branch presence. ICICI Bank, however, has shown a modest 5.9 per cent rise in employee costs as it reversed the provisions for employee bonuses made in earlier quarters. The operating expenses of HDFC Bank have grown by 61.2 per cent largely on account of a 60.5 per cent rise in employee expenses following an branch expansion.

38. India to earn US\$ 1.86 billion through medical tourism

[The Financial Express](#), May 27, 2008

New Delhi: Easy access to visa facilities permitted by India to overseas patients coupled with the best emerging medical infrastructure in large and tertiary towns will make the country earn to an extent of Rs 8,000 crore in foreign exchange by 2012, a new study has said.

Currently, the earnings accrued through medical tourism annually are estimated at Rs 3,500 crore.

A comparison of the medical treatment costs of various countries shows that a procedure like bone marrow transplant costs USD 2,00,000 in USA, upto USD 2,00,000 in UK, USD 62,500 in Thailand and just around USD 20,000 in India.

Similarly, a by-pass surgery would cost USD 15,000-20,000 in USA, around USD 20,000 in UK, USD 14,250 in Thailand and USD 4,000-6,000 in India. The costs for a knee surgery in these countries are USD 16,000-17,000, 15,000, 7,000 and 1,000 respectively, the study conducted by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) on Prospects of Medical Tourism for Higher Forex Earning said.

As a result of higher and very expensive medical costs in the western countries, patients from economies of scale including Africa, Gulf and various Asian countries have started exploring medical treatment in hospitals located in various well-to do places in India, Director of Gangaram hospital and one of the lead authors of the study said.

39. Railways sets target of US\$ 7.23 billion earnings this fiscal

[The Economic Times](#), May 27, 2008, on IBEF

New Delhi: Buoyed by a record Rs 25,000 crore earnings in the last fiscal, Railways has set a target of Rs 1,00,000 crore in the five years of UPA rule.

"Indian Railways will create 'new history' by earning Rs 1,00,000 crore during the five years of the UPA government," Railways Minister Lalu Prasad said here on Monday.

Addressing a meeting of general managers and production units, he congratulated the 14 lakh Railways employees for earning cash surplus of Rs 25,000 crore and carrying the highest ever loading of 795 million tonnes during 2007-08.

He said Railways had set targets of Rs 31,000 crore as a cash surplus and 87.5 crore tonnes of freight loading for the current fiscal.

Referring to incremental loading, Prasad said Railways had already created a record by achieving the highest ever incremental loading of 67 million tonnes in 2007-08 and would strive for another record of 8.6 crore tonnes of incremental loading in the current financial year.

40. Government may consider 49 per cent FDI in gems, apparel

[The Economic Times](#), May 27, 2008, on IBEF

New Delhi: The government may consider 49% FDI in segments such as gems & jewellery and apparel after National Council of Applied Economic Research (NCAER), which has been mandated to study the effects of multi-brand retail in India, submits its report next month.

It is understood that NCAER is in favour of allowing FDI step-by-step in multi-brand retail.

The government does not allow FDI in multi-brand retail now. Only 51% is permitted in single-brand retail. "Last year, we had commissioned NCAER to study consequences of opening of multi-brand retail in India.

After the think-tank submits its report, we would be able to consider whether FDI can be allowed in multi-brand retail," a senior government official said.

At present, the government is of the view that foreign players should not be given majority shareholding in retail companies. According to sources in the government, NCAER also holds the view that the role of foreign players in the sector should be limited. Several safeguard measures may be made mandatory when FDI in retail is cleared.

If the proposal passes muster among various ministries and the Left parties, it would be possible for giants like Wal-Mart, Metro and Carrefour to enter the Indian market through joint ventures for multi-brand stores. As of now, Wal-Mart and Metro are involved in cash & carry wholesale trade where 100% FDI is permitted.

The Indian retail market, which is the fifth-largest globally, is estimated to grow from \$330 billion in 2007 to \$427 billion by 2010 and \$637 billion by 2015. Organised retail, which presently accounts for 4% of the total market, is likely to increase its share to 22% by 2010.

41. Stores will co-exist with big players, says Biyani

27 May 2008, Rupali Mukherjee, TNN

NEW DELHI: The father of modern retail and Future group CEO Kishore Biyani feels that the small store-owners will always co-exist with big retailers.

This is because "their (neighbourhood kirana stores) cost of operations are low, and margins grow bigger over time as they adopt modern retail practices", which the Icrier study has also found, Biyani told Times of India.

According to him, the biggest finding of the study is the impact on the consumer and increase in overall consumer spending with the entry of big retail.

At a time when inflation is impacting the household budget, consumers have "definitely gained" from organized retail on multiple counts. "While all income groups saved through the entry of the organized retail purchases, lower income consumers saved more," the study says. "Modern retail only caters to India 1, which is the aspirational consumer who visits the big retail chains. India 2 — the serving class (peons, self employed, watchmans etc) would only buy from small neighborhood stores. India 3 is the struggling consumer who has no money to spend", Biyani said.



"The study does not advocate foreign direct investment in retail, and I believe that there is no need for foreign retailers (to set up shop)", he said. Terming the private codes of conduct of big retailers as recommended by the Icrier study "a good step", he added "organized retailers should follow uniform policies to ensure that no one sells below the cost price to avoid predatory pricing, and that they do not employ a black-listed employee".

42. Small retailers need govt help to survive: Study

27 May 2008, TNN

NEW DELHI: Small retailers and 'kirana' stores need the support of government and its policy initiatives to survive against the onslaught of organized or modern retail.

The government-commissioned report on impact of organized retailing on the unorganized sector has found that small store-owners will be affected adversely with the entry of large supermarket chains and departmental stores, while farmers and consumers will benefit significantly. However, the adverse impact on turnover and profit of small 'kirana' stores will weaken over time a period of five years, if these store-owners upgrade their facilities.

Major recommendations of the study done by thinktank Indian Council for Research on International Economic Relations (Icrier) to help unorganized retail survive against modern retail are: Ensure better credit availability from banks and micro-credit institutions; encourage formulation of 'private codes of conduct amongst big retailers for dealing with small suppliers, and modernization of wetmarkets such as mandis through public-private partnerships. The study carried out in urban markets of 10 major cities says that both unorganized and modern retail can, not only co-exist, but also grow substantially in size.

The rate of closure on account of unorganized retail shops in gross terms is 4.2% per annum, which is much lower than the international rate of closure of small businesses, the study says.

The study, triggered by the announcement of world's largest retailer Wal-mart's tie-up with Sunil Mittal-promoted Bharti Enterprises, does not differentiate between foreign retail chains and domestic retailers in modern retail.

"Our findings would hold true even with the entry of foreign players in modern retail when they set up shop. Studying the impact of foreign direct investment on small retailers was not part of our terms of reference", Icrier research associate, Nirupama Soundararajan told ToI.

Last year, Congress Party chief and UPA chairperson Sonia Gandhi had expressed concern in a letter to the prime minister about "the Wal-Mart effect" on domestic retailers, and the need to study the impact of transnational supermarkets on the "livelihood security" of small-store owners. Protests were held in many states with many Reliance Fresh forced to close down after traders and political parties opposed the entry of big retailers.

The study recommends strengthening of Competition Commissions role for enforcing rules against collusion and predatory pricing by big retailers, and facilitate cash and carry outlets, like Metro, for sale to small retailers and procurement from farmers, as is done in China.

With regard to framing the private codes of conduct among big retailers to prevent predatory pricing and other malpractices which will have a major impact on pricing in the market, Icrier director Rajiv Kumar says "these may be then incorporated into enforceable legislation".

Proximity is among the advantages for the unorganized kirana stores, which also leverage on credit sales, bargaining choice for customers, home delivery and convenient shop timings, the study says.

It suggested formation of farmers' cooperatives to sell directly to big super markets. Likewise, unorganized retailers should also form cooperatives and associations for direct procurement from suppliers and farmers, eliminating the middlemen, the report said.

In an economy growing at the rate of 8-10%, the retail sector is estimated to grow at 13% annually to \$590 billion by 2011-2012. However, thanks to a much faster rate of growth by organized retail, its share will quadruple to 16% over the next three years, while unorganized retail will be the balance. The study says there is no evidence of a decline in overall employment in the unorganized sector as a result of the entry of organized retailers. The decline in employment is the north and west regions of the country, which however weakens over time.

Employment does not go down because the small retailers may employ more people to spruce up their operations in a competitive environment, she says.

43. Banks find micro-finance biz profitable

27 May 2008, Aparna Ramalingam, TNN

CHENNAI: S Parimala of Saligramam can count herself lucky. She is part of a SHG (self-help group) that engages in glass and emboss painting. Her SHG christened Lucky was recently given a second loan of Rs 3 lakh after the group successfully repaid its first Rs 1 lakh loan it had taken from the bank in EMIs of Rs 10,600 spread over 10 months.

Nevertheless, Parimala is upset because while the group had asked for a loan of Rs 5 lakh, the bank lent her only Rs 3 lakh. When it comes to borrowing money, the poor, especially the rural folks, are at the mercy of money lenders. With the arrival of micro finance, MFIs (micro finance institutions) and other NBFCs began lending to the poor.

Of late, banks have discovered that lending to the poor is indeed profitable. Banks either directly lend to the borrowers through their micro finance branches or they team up with MFIs and other NGOs who help in identifying and grouping the members into various SHGs who are then given finance. Interest charged on such loans is usually at sub prime lending rates. In the first phase, the average loan size is usually below Rs 10,000. Also, banks normally encourage SHGs to first open a savings bank account before giving credit.

"We initially observe the saving patterns of the group, how they save, lend and distribute money amongst themselves before giving them credit," says Manohara Raj, senior vice-president, HDFC Bank. So much so that many banks now have exclusive branches that deal only in micro finance. Indian Bank, which started its microfinance initiatives from its Chetpet branch in Chennai in 2005, has added 11 more micro finance branches to its network in India.

This year, the bank plans to open 13 micro finance branches. "It's an established fact that by being part of self help group, women are able to carry out economic activity more effectively.

Also, they need not borrow money at usurious rates of interest from money lender any longer," says MS Sundara Rajan, CMD, Indian Bank.

HDFC Bank is strengthening micro finance business. It has four micro finance branches located in interiors of Tamil Nadu. Nearly 15% of bank's micro finance business are generated from four branches. It is also looking at opening a few more micro finance branches this year.

44. China eyes India for financial inclusion

[Business Standard](#), May 28, 2008

MMumbai: China has evinced interest in India's financial inclusion programme that is taking financial services to millions of poor people, especially in rural areas.

The People's Bank of China, the counterpart of the Reserve Bank of India (RBI), and the Chinese Banks Association are trying to understand and take lessons from India in priority sector lending and financial inclusion, an industry source told Business Standard.



The Indian Banks' Association (IBA) was recently in China with a delegation comprising government officials and bankers to discuss how to go about transacting with the less privileged sections of the society, among other issues on the agenda.

Explaining about the visit of the Indian delegation to China, an IBA official said, "Our interaction with Chinese banking professionals indicates that the average economic standing of the Chinese residing in rural areas is better than their Indian counterpart. But their banking system is at a rudimentary stage and access to financial services remains a challenge. Indian banks are tackling this issue effectively."

Indian banks have stepped up efforts in increasing the reach of financial services in rural areas. The thrust on forming self-help groups (SHGs) and opening of no-frill accounts came into focus.

They would also like to know about using information technology in financial inclusion and systems, said a head of a public sector bank, who was a part of the delegation.

According to the RBI data, over 2.9 million SHGs have been linked to banks involving a total credit flow of Rs 18,000 crore at the end of March 2007 and they have opened 12 million no-frill accounts.

"Like India, China also faces problems related to growth and inflation. They (Chinese) want to study jointly various aspects in banking," said UCO Bank Chairman and Managing Director S K Goyal, who was a part of the delegation. "While incidence of poverty in China is low, they face similar challenges in tackling rural poverty like us," said an IBA official.

The incidence of cash-based transactions is quite high. Even salaries are paid in cash. There is common ground to work together," an IBA official added.

The next step in this joint effort will be the visit of a Chinese delegation later this year.

45. Second PCPIR to pour US\$ 11.67 billion in Gujarat

[The Economic Times](#), May 28, 2008

New Delhi: After Andhra Pradesh, it is Gujarat where massive oil, chemicals and petrochemicals investments will pour in. Chemicals and fertilizers minister Ram Vilas Paswan said on Tuesday that a proposal from Gujarat with an investment commitment from private players and central and state governments to the tune of Rs 50,000 crore is close to be cleared by a panel headed by Cabinet secretary.

This investment hub with an oil refining and petrochemical complex at its heart, will be surrounded by various downstream units in pharmaceuticals, chemicals and petrochemicals sectors. The Union government has asked for some more information from the state government, and the proposal is close to be approved. The hub is expected to create eight lakh jobs.

Once the approval is granted, the state government will notify 473 sq km as a petroleum, chemical and petrochemical investment region (PCPIR). While the central and state governments will invest Rs 18,691 crore to build infrastructure like ports, rail network and roads, the total investments in the region including from private players would touch about Rs 50,000 crore, Mr Paswan told reporters here.

The investments in Andhra Pradesh PCPIR is close to Rs 3.43 lakh crore. Four other states are working on similar schemes, said the minister. A senior official in the ministry explained that all these proposals would together attract investments to the tune of Rs 10 lakh crore.

The Orissa PCPIR has an investment potential of Rs 2,30,000 crore, while the West Bengal PCPIR has an investment potential of Rs 75,000-80,000 crore and the Tamil Nadu PCPIR has an investment potential of Rs 24,179 crore. In Andhra Pradesh, the PCPIR is expected to generate about 12 lakh jobs, while the Karnataka investment hub is expected to generate 6.34 lakh jobs.

Hitting out at pharmaceutical firms for complaining against drug price control, government today said the industry is still making huge profits and there was no threat of any company folding up.

"In a situation where the profit margins are as high as 200 % there is no possibility of any company closing its manufacturing business due to the price control mechanism of the government," Union Minister for Chemical and Fertiliser Ram Vilas Paswan told reporters here.

Mr Paswan was replying to a query on the Indian Drug Manufacturers Association (IDMA) asking the government to revise the ceiling prices of 33 bulk drugs keeping in mind the appreciating dollar against rupee.

IDMA had written to the National Pharmaceutical Pricing Authority (NPPA) saying bulk drug manufacturers were not in a position to put up with uneconomic prices and they will have to stop the supplies of the same very soon. Paswan reiterated that the UPA government was bound by its commitments made in the common minimum programme and not "by any company or its profit".

At a time when government introduced the price control mechanism for 74 drugs which constituted around 50 % of the domestic pharmaceutical market similar speculation were made which later proved wrong, he said. "That time also, there were speculation that it would ruin the industry but it didn't happen," Pawar said.

"Now price controlled medicines accounts for less than a quarter of the total pharma produce in the country and the speculations are bound to be prove wrong again," he said.

46. Five million tourists visited India in 2007

[Business Standard](#), May 28, 2008

Puducherry: Around five million foreign tourists had visited India in 2007 which was a big jump from the 3.92 million tourists during the previous year, Union Tourism and Culture Minister Ambika Soni said today.

Around 400 million domestic tourists had also travelled across different parts of the country during 2007, she said. She was speaking after declaring open the Rs 35 crore 'Zest Big Beach-Puducherry' a project of the Mahindra Holidays and Resorts India Limited (MHRIL) at Manapet coastal village near here.

Puducherry will emerge in the near future as a major centre for cruise tourism and efforts to promote this project would be intensified in collaboration with the Union Shipping Ministry, she said.

"We should work together to make Puducherry as a major destination as was done in respect of Sikkim and Goa and other destinations. In the near future Puducherry would emerge as a centre for cruise tourism", she said. Around 74 heritage sites had been identified in Puducherry and "we should look at the best of them for promotion and restoration for the benefit of the people here", she said.

The Auroville International Project and Sri Aurobindo Ashram here were adding to richness, the legacy and also full-fledged projection of Puducherry as a destination.

"There had been lot of questions and eager enquiries about Auroville in different parts of the world from information seekers as they want to visit Auroville to have a new experiment in India", she said.

47. Sarin quits as a winner

28 May 2008, Shalini Singh, TNN

He was forced to retreat from the US and Japan, desperately sought growth opportunities in emerging economies, but finally, it was his home country that bailed out Arun Sarin and helped him turn around the world's largest telecom operator, Vodafone. Derided as a risky gamble by many, the \$11.1-billion



Hutchison Essar deal is now being hailed as a masterstroke — "a turning point for the company and a turning point for him", as one analyst described it.

Would the deal have worked out if Vodafone hadn't been headed by a PIO? It's a hypothetical question but there's no denying that Sarin played the son of the soil card to perfection. The country in turn, helped resurrect his flagging image by contributing robustly to Vodafone's revenues. There was evident pride in Sarin's tone as he recently told analysts that revenues in India had surged over 56% in the most recent quarter.

India has been a major contributor to Vodafone posting a record profit of £6.7 billion this year — allowing Sarin to exit on his own terms, after fulfilling his commitment to deliver value to Vodafone's shareholders. Indeed, analysts are openly sceptical of the retirement pitch being offered as an explanation for his sudden exit, instead, betting that Sarin is moving on to another challenging role with an even heftier pay cheque. However, this could not be independently confirmed by Tol.

The blaze of glory that he now enjoys is his reward for leading a strategic shift towards emerging markets especially India, which helped dramatically turn around the company's fortunes.

"He is a great professional and a friend. He has had a spectacular stint at Vodafone. He has made every Indian proud," Sunil Bharti Mittal, chairman and Group CEO, Bharti Enterprises, told Tol.

Vodafone has 46 million customers in India, adding an average of 1.6 million customers every month. While the company refused to reveal the revenues for this region, it said India delivered a strong growth of over 50% for the fiscal year ended March 31.

48. Per capita income crosses Rs 30.000 mark

30 May 2008, PTI

NEW DELHI: Per capita income of Indians for the first time breached Rs 30,000 mark and has reached to Rs 32,299 during 2007-08 indicating their growing purchasing power.

The revised estimates, which were released by the government on Friday, indicate that per capita income at current prices rose by 12.3 per cent from Rs 29,642 to Rs 32,299 during the year.

At constant prices (1999-2000 prices), which is worked out after taking into account the erosion in purchasing power of rupee, the per capita income moved up to Rs 24,321 representing an increase of 7.8 per cent during 2007-08.

"This is an important aspect of growth... More money is available in the hands of people. It is a very good sign," Finance Minister P Chidambaram said soon after release of the data.

However, there has been a deceleration in the growth of per capita income at current prices, which rose by 12.3 per cent during 2007-08 as compared to an increase of 14.2 per cent during the previous fiscal.

Similarly, in case of per capita income at constant prices, the rate of increase decelerated to 7.8 per cent as compared to 8.1 per cent in the previous fiscal.

According to the estimates, India's population at the end of 2007-08 has been estimated at 113.8 crore, up from 112.2 crore at the end of the previous fiscal.

49. 2008 data: SEZs deliver on all counts

[Business Standard](#), May 30, 2008

New Delhi: Exports double, while jobs and investments show robust growth rate.

In data that may lay to rest all doubts of sceptics, special economic zones (SEZs), which its supporters backed by arguing that they will boost exports, investments and employment, delivered on all these three counts during 2007-08. They are expected to improve their performance in the current fiscal.

Exports from these tax-free industrial enclaves nearly doubled from Rs 34,615 crore in 2006-07 to Rs 66,638 crore in 2007-08. This is marginally short of the target on account of delays in the commissioning of some zones.

SEZ: Nuts and bolts				
	Incremental Employment*	Total Employment	Total Investment (cr)	Incremental Investment* (cr)
Notified SEZs (206)	97,993	97,993	Rs 69,350	Rs 69,350
State/Private SEZs	32,300	44,768	Rs 39,60.44	Rs 2,204.13
Government SEZs (7)	71,238	1,93,474	Rs 3,899.49	Rs 1,620.29
* Since February 2006				

The commerce ministry has projected exports from the zones at around Rs 1,25,950 crore in 2008-09, growth of 89 per cent over the previous year.

"The performance of the zones shows their inherent strength and in the coming years we would see this robustness in exports, investment and employment continue," Commerce Secretary Gopal K Pillai told Business Standard.

India established export processing zones in 1965. These were renamed as SEZs in 2000 under a new policy. These were bought under the SEZ Act and its related rules from February 2006 to assure investors of a stable policy regime. The impact of this is evident in the latest data, which show a 191 per cent rise in exports from these zones between 2005-06 (Rs 22,840 crore) and 2007-08.

Critics have been opposing the setting up of these zones for displacing a large number of farmers. Others have labeled the policy a real estate "scandal."

Exports contributed 84 per cent to total turnover of the zones in the last financial year. The seven government zones (earlier EPZs) and 19 other SEZs accounted for 92 per cent exports from the tax-free enclaves. The 39 operational zones set up after the SEZ Act became operational accounted for the rest. ETL infrastructure at Tambaram, Tamil Nadu, recorded the highest exports of Rs 1,245.69 among the new zones.

Sectors which contributed to export growth from the tax-free zones are gems and jewellery (Rs 23,006 crore), trading and services (Rs 20,866 crore) and electronic hardware (Rs 11,121 crore).

Employment in the zones stood at 336,000, out of which nearly 60 per cent incremental jobs were created since February 2006. "All these jobs were created without government spending in the past two years. In the past 40 years, only 126,000 jobs were created in the existing zones. Next year, incremental jobs will total 400,000," added Pillai.

Investments in 232 zones stood at Rs 77,210 crore, out of which 97 per cent were incremental flows since 2006. According to the commerce ministry, Rs 3,63,367 crore investments are lined up for 206 new zones in the country.

At present, the country has nearly 600 SEZs in various stages of approval.



50. Visa Steel plans US\$ 2.35 billion steel project

[Business Standard](#), May 30, 2008

Kolkata: Mineral to metals company, Visa Steel, has lined up a Rs 7,500-10,000 crore integrated steel project in Chhattisgarh.

Vishambhar Saran, chairman, Visa Steel said, the technical feasibility report for the project would be in place by the end of July after which the project details would emerge.

However, in the first phase, the company would set up a one million tonne rolling mill at a cost of Rs 500-600 crore and the entire project would be completed in 5-6 years. Visa Steel has possession of around 150 acres in Chhattisgarh, which would suffice for the rolling mill and the balance would have to be acquired.

Saran said, the Chhattisgarh plant would focus on long products and would cater to domestic demand.

51. Videocon plans US\$ 1.40 billion power project

[The Financial Express](#), May 30, 2008

New Delhi: Diversified business group Videocon is planning to set up a 1,000 MW hydro power project in Uttranchal with an investment of Rs 6,000 crore.

It plans to rope in a US partner for the proposed project.

"We are talking to some US Companies for the project," group's Chairman and Managing Director Venugopal Dhoot said.

However, he declined to comment as when the project would be commissioned.

52. Indian banks ready to take on foreign players

[livemint.com](#), June 2, 2008 on IBEF

Competition will improve services, say bankers, but they want the opening up of the sector to be reciprocal

Bangalore: Indian bankers say they are ready to take on competition from foreign banks, even if the multinational players are allowed to operate freely after April. A Reserve Bank of India (RBI) road map on operations of foreign banks in India would allow more of them to operate in the country with fewer restrictions, starting next year, in line with India's commitment to the World Trade Organization to open up its financial sector to foreign players.

At the Mint South Banking Conclave II held in Bangalore on Friday, given the change expected in the banking climate, the discussion centred around "Why do we need so many banks? Balancing inclusion and competitiveness."

The chiefs of four public sector banks—Corporation Bank, Canara Bank, Vijaya Bank and Indian Bank—and three private banks—Karur Vysya Bank Ltd, Karnataka Bank and City Union Bank—participated in a lively discussion where they said the arrival of new players will only encourage them to improve their offerings and services. As per the road map, foreign banks may be allowed to raise their stake to 74% in their Indian operations.

While welcoming competition, Indian bankers wanted the opening up to be reciprocal.

"If a foreign bank wants to open its branches and ATMs across India, we should also be allowed to do the same in their nation," said B. Sambamurthy, chairman and managing director, Corporation Bank. He said in Singapore, for instance, where Indian Bank has been operating a branch for 60 years, it was not allowed to open ATMs.

RBI deputy governor V. Leeladhar was the guest of honour at the event, where some of the domestic issues in banking took centre stage. There were mixed views on the Union government's ambitious plan to waive off about Rs72,000 crore in loans to small and marginal farmers, which is widely seen as a populist move ahead of next year's general elections. The process of loan waiver kicks in this month and while bankers at state-owned banks said it was a welcome move, some of the chiefs of private sector banks demurred.

P.T. Kuppuswamy, chairman and CEO, the Karur Vysya Bank, said: "In the last six-nine months, many accounts in our rural branches were shifting to nationalized banks. This is because people were hoping that as this is an election year, there would be write-offs!" He added that such write-offs penalize those who repay their credit diligently.

Others were more sanguine about the waiver, the largest ever in India.

"This kind of waiver will not happen every two-three years. It's a social obligation," said Prakash P. Mallya, CMD, Vijaya Bank, defending the move. Mallya said the initiative will not diminish the culture of repaying loans.

India has 177 banks with more than 73,000 branches. Still, only about 60% of adult population has bank accounts. Bankers say that with the number of branches per 10,000 people being 0.5 in India, compared with two globally, they are neither over-branched nor over-banked. Also, a large number of people in the country are not aware of banking facilities and still go to traditional money lenders for loans.

The bankers felt that in addition to opening branches, they also needed more innovative ways of reaching out to people as opening a branch entails substantial investment in infrastructure.

Canara Bank CMD M.B.N Rao said there are nearly 150,000 post offices in the country and these could be better leveraged. Indian Bank's chairman and managing director M.S. Sundara Rajan said technology was a key enabler, which helps in reaching out to people without actually opening branches. This could be done through kiosks.

With microfinance institutions reporting 99% recovery rates, banks say they know that the poor are bankable. Vijaya Bank's Mallya said financial inclusion is not about lending a small amount of money to the poor, but also serving them with a full package of services, including home loans, education loans, vehicle loans and pension products.

On the question of Indian banks being ready for consolidation, they had mixed feelings. City Union Bank chief S. Balasubramanian said different sizes of banks should exist to take care of the needs of different segments of customers.

RBI deputy governor Leeladhar said India does not need large number of small commercial banks. "We need small numbers of large banks. There could be healthy competition between large banks," he said. He added that for overall financial inclusion, regional rural banks (RRBs) and other cooperative bodies should be strengthened and that the onus for doing that lies with the commercial banks.

Bankers say both financial inclusion and consolidation could go hand in hand.

53. AEZ exports cross US\$ 2.36 billion, zeroing in on target

The Financial Express, June 2, 2008, IBEF

New Delhi: Agri export zones (AEZs), with comparatively lower level of investment than the special economic zones (SEZs), have the potential to boost exports. A recent study of 60 AEZs spread across



20 states conducted by Agriculture and Processed Foods Export Development Authority (APEDA) shows AEZs are approaching the cumulative export target.

According to the report by APEDA, AEZs have recorded cumulative exports of Rs 10,685.29 crore up to February 2008 against the target Rs 11,821.47 crore. The investments by the central and state government agencies and by the private sector in the AEZs have not been up to the mark. Against a projection of Rs 1,717.95 crore, the cumulative investment so far has been Rs 1,097.53 crore.

AEZs have been less controversial than SEZs because they have not resulted in a change of land use for industrial and other activities. AEZs are not fixed by physical boundaries like SEZs—they are regions in different states known for growing special crops like gherkins, grapes, special varieties of mango, lichi, potato, pineapples, Darjeeling tea, rose onion, vanilla, flowers, basmati rice, medicinal and aromatic plants, pomegranate, banana, walnut, garlic, spices, durum wheat, lentils & gram, cashew nut, honey, apple, ginger, turmeric, coriander and cumin.

Over the years there have been sporadic efforts at setting up AEZs, with the state governments clamouring for approvals. This had resulted in the setting up of as many as 60 AEZs in 20 states. In most cases the state and central governments have not lived up to their commitments of ensuring adequate infrastructure, and the investment from the private sector has not been to the desired level. The APEDA review, therefore, said, “A package needs to be developed to suggest solutions to these problems and agencies identified to implement these in a given time-frame.”

Andhra Pradesh with five AEZs has a record export turnover of Rs 2,852.59 crore. The AEZ for mango pulp and fresh vegetables in Chittoor district alone recorded an export turnover of Rs 2,736.03 crore, while export of mango and grapes in Ranga Reddy, Medak and Mehaboobnagar districts earned Rs 18.29 crore.

The mango AEZ in Krishna district is expected to record an export of Rs 2.75 crore and the gherkins AEZ in Mehaboobnagar, Ranga Reddy, Medak, Karimnagar, Warangal, Ananthapur and Nalgonda districts is likely to bring in Rs 44.5 crore through exports. The chilli AEZ in Guntur district earned Rs 51 crore in exports.

Next to Andhra Pradesh, in performance, is Kerala with two AEZs. Its horticulture products AEZ in Thirssur, Ernakulam, Kottayam, Alappuzha, Pathanamthitta, Kollam, Thiruvananthapuram, Idukki and Palakkad districts is expected to earn through Rs 2,277.79 crore. Kerala's medicinal plant AEZ is yet to become operational.

Karnataka's AEZs could bring in Rs 1544.79 crore through exports. Its gherkins AEZ located in Tumkur, Bangalore, Hassan, Kolar, Chiradurga, Dharwad and Bagalkot districts registered an export of Rs 1,237.05 crore.

The rose onion AEZ in Bangalore and Kolar districts earned an export amounting to Rs 276 crore, while its floriculture AEZ in Bangalore, Kolar, Tumkur, Kodagu and Belgaum districts earned Rs 31.74 crore.

The vanilla AEZ in Karnataka is yet to become operational. The success story of AEZs is not just limited to south India. In north India, Punjab with its three AEZs has already earned Rs 1,523.83 crore through exports. The basmati rice AEZ located in Gurudaspur, Amritsar, Kapurthala, Jalandhar, Hoshiarpur and Nawanshahar districts fetched Rs 1,521 in exports. Export earnings from Punjab's vegetable and potato AEZs have been negligible.

Maharashtra is the fifth state, which has done well in earnings from exports through AEZs. The state has eight AEZs for grapes and grapewine, alphonso mango, kesar mango, floriculture, onions, pomegranate, banana and oranges.

The cumulative export earning from these eight AEZs are Rs 1,166.34 crore.

There are several such success stories in other AEZs spread across other states. The APEDA review also noted that some AEZs are yet to become operational, like the Darjeeling tea AEZ in West Bengal,

vanilla AEZ in Karnataka, lentils & gram AEZs in Madhya Pradesh, sesame seed AEZ in Gujarat and medicinal plant AEZ in Kerala.

54. Vijay Mallya, EADS in talks for biz jets

2 Jun 2008, IANS

BERLIN: Vijay Mallya, chairman of UB Group, has initiated talks with France-based EADS Socata, a leading aircraft manufacturer, to invest some \$200 million to co-develop business jets for which India has now emerged as a hot market.

"We want to look at a global organisation that has service centres in place with tools to market in the country," EADS Socata spokesman Phillippe de Segovia told IANS, confirming that the group was in talks with Mallya.

"We had earlier started talks with IndUS Aviation, an Indian-American aircraft maker with headquarters in Dallas, Texas, and Bangalore, three years ago," de Segovia said, adding that the talks did not progress. A phone inquiry to Vijay Mallya was replied with a monosyllabic "no comment".

At the US National Business Aviation Association's annual meeting and convention in Atlanta last September, Mallya had pledged a personal stake of \$200 million to the US-based Epic Aircraft to develop its very light jets.

He said these jets would be manufactured and promoted for India and the Middle East markets. Now, however, the deal between Epic Aircraft and Mallya is believed to be over.

Airbus, chosen by Mallya to be the consultant for a review on Epic and also to help speed up the certification of its new aircraft, has now involved him in the new jet being developed by EADS Socata.

55. Dabur plans buyouts, shortlists 20 companies

2 Jun 2008, PTI

NEW DELHI: FMCG major Dabur is planning global acquisitions in this fiscal year and has identified 20 target companies. "We have prepared a list of 20 companies from all over the world, then we have to go and approach them if they are interested. First of all it's always a no but then slowly and steadily you have to get them, woo them," Dabur India vice chairman Amit Burman said during an interview.

Asked if something can happen in 2008-09, he said, "Hopefully, it can happen." Explaining the company's global acquisition plans, Burman said, "We have formed a team, which sorts out that where and what acquisition is on the table...we have mapped out the companies which are like ours and who we would like to have."

He said it was easier for Dabur if a company was on the table but "we have to approach the company asking what is it that they expect and would you like to merge with us and we want to acquire you that is a longer process". In line with its strategy of growing aggressively in foreign markets, Dabur India had acquired a Nigerian company African Consumer Care in late 2007 and set up manufacturing in the country.

Dabur is a leading consumer goods company with a turnover of Rs 2,233.72 crore in 2007-2008 with Consumer Care Division (CCD) and Consumer Health Division (CHD). It has three subsidiary group companies - Dabur Foods, Dabur Nepal and Dabur International which has three step-down subsidiaries - Asian Consumer Care in Bangladesh, African Consumer Care in Nigeria and Dabur Egypt.



56. One night @ the rural call center

30 May 2008, TNN

NEW DELHI: It's 1.30 in the afternoon in the township of Nellore and Niranjan is getting ready for office. He picks up a neatly ironed check shirt and a pair of matching trousers to go with. Ask him where he is headed, and he will proudly tell you he is off to his BPO centre.

The exuberance is hard to ignore. This young man of 24 is one among the new breed of employees in upcountry India. Welcome to the world of rural BPOs-- an idea that has potential to dramatically change the way people look at rural and semi-urban workforce.

While rural BPOs are changing lives for the village youth, for many companies the trend accompanies a big relief from increasing costs and nagging attrition in their urban units. Little wonder then, rural BPOs are growing at an impressive 60 per cent clip, according to estimates.

Satyam's GramIT, HDFC's ADFC, Lason India and Datamation are among 15-20 companies that have already made a beginning. Analysts say many are waiting in the wings to transfer simple non-voice based operations like scanning and data processing to these BPOs.

Set up six months back in Nellore, HDFC's ADFC employs around 500 people -- Niranjan being one of them -- engaged in non-core back office operations like translating data into customer database.

Apart from robust productivity, setting up a unit here has spelt a big advantage to HDFC -- relief from high attrition common in its urban and metro-based units.

So much so, the success at Nellore has prompted it to start another such operation at Tirupathy to be inaugurated next month. The company plans to hire more than 5,000 people over the next three years for its rural BPO operations.

"It's a win-win for both, the rural youth and the company," said HDFC's country head of operations A Rajan. "They get a better life and companies save on costs." Even though the initial investment is high for putting power and broad-band in place, companies say it pays off later.

Satyam's GramIT was piloted three and a half years back in Jellikakinada with 120 graduates. It has now added 3 centres --Ethakota, Kajipalam and Antharvadipalam -- that employs around 500 people. Another six are coming up in Andhra Pradesh that will employ 600-700 people more.

The firm says, apart from being dedicated and loyal, the youngsters in semi-urban areas are 25-30 per cent more productive than their urban counterparts. "You may have to put in an extra bit to train them, but once that's done, you are sure to reap rich dividend," Verghese Jacob, head, Byrraju Foundation that initiated GramIT says. "The willingness to learn is too high and that helps a great deal."

While beginning has been made in the English domain, there are a few like Datamation, which has majority of its centres in the Hindi belt. With 20-plus rural BPOs, the company has 16 centres in north India itself, spread over Unnao, Sitapur and Barabanki in Uttar Pradesh.

The company feels village youth is as good as its urban counterpart, sometimes even better with little bit of hand holding. "They are just keen to improve and if you are patient with them you will get more than you expect." says Datamation founder Chetan Sharma.

However, in many cases, as the companies have discovered, finding trained manpower is a challenging task. That's where government initiatives like Employment Generating & Marketing Mission (EGMM) of Rural development department, Andhra Pradesh, are coming forward to help.

AP Government trains and links rural poor to entry level private sector jobs. Under EGMM, 1, 20,000

youngsters have been trained in the last three years and 80 per cent have been placed in companies like McDonald, Unilever, Reliance Retail, Choupal Fresh etc and ADFC is one of them. Citing the example of HDFC, Meera Shenoy, executive director, EGMM, says, "Initially the company was sceptical, but after its success, another company is inaugurating a larger BPO on international lines at Chittoor in AP because of the availability of trained manpower from EGMM." Over 300 youth have already been selected for this operation, she adds.

While companies see a clear cost advantage in the rural BPOs, for government, which funds initiatives like EGMM, local employment is most sustainable since it does not involve relocation. For the rural youth, unemployed or underemployed till recently, it is a complete transformation of life.

57. India third most attractive market for apparel retailers

[The Economic Times](#), June 3, 2008 on IBEF

New Delhi: India has emerged the third most attractive market destination for apparel retailers, according to a new study by global management consulting firm AT Kearney.

India comes after Brazil and China in the AT Kearney Retail Apparel Index, which looks at ten drivers, including apparel consumption and clothing imports/exports, to rank the top 30 emerging markets for retail apparel investments.

"In India, apparel is the second largest retail category, representing 10 percent of the \$37 billion retail market. It is expected to grow 12-15 percent per year," said Hemant Kalbag, principal of Consumer Industries & Retail Practice, AT Kearney India.

"The top seven apparel companies account for less than 10 percent of the total apparel retail market in India and Indian consumers tend to be more loyal to a specific retailer than to an apparel brand. The result is a thriving private label apparel market," the study said.

"Like many developed countries, apparel retail in India is driven by sales promotion," it added.

"The Retail Apparel Index was published for the first time this year as a companion to A.T. Kearney's Global Retail Development Index (GRDI), a study of retail investment attractiveness among 30 emerging markets conducted annually since 2001," said Saurine M. Doshi, a partner of A.T. Kearney India.

"The analysis evaluates more than 20 apparel markets to identify the top 10 countries in terms of market size, growth prospects and consumer affluence" Doshi added.

Turkey, Chile, Romania, Argentina, Thailand, Russia and the United Arab Emirates are the other countries in the top-10 list.

58. Haryana received US\$ 7.76 billion investment: Hooda

[The Economic Times](#), June 3, 2008, on IBEF

Chandigarh: Haryana Chief Minister Bhupinder Singh Hooda on Monday said that State has received an investment of Rs 33,000 crore besides the investment of Rs 66,000 crore was in the pipeline since the implementation of new Industrial Policy in the State three years back.

This was disclosed today by Hooda while addressing the gathering after 'Bhoomi Poojan' of a plant which would be set up by Yokohama Private India Limited of Japan at Bahadurgarh Industrial township in district Jhajjar.



The multinational company Yokohama of Japan had also set up its first plant in India and that was set up at Bahadurgarh. An official release here quoting Hooda said that Yokohama Tyre Company was the seventh largest tyre manufacturing company of the world.

He assured Japanese business delegation and entrepreneur that all the possible help would be provided by the Government. He said that this industry which would be set up in 25 acres of land was likely to start production in next 14 months and the investment of the company in phased manner would be Rs 1000 crore by 2010.

Addressing the gathering at Bahadurgarh, hooda asserted that by setting up of this plant the economy of this area would have a perceptible change and ample employment opportunities would be available for the youth of this area.

He opined that that day is not far away when Bahadurgarh would be known as Gurgoan in the matter of development.

59. Videocon invests US\$ 2.82 billion in telecom

[Business Standard](#), June 3, 2008

New Delhi: Videocon promoted Datacom will invite bids next week for rolling out 70 million GSM mobile lines across the country, envisaging an investment of over Rs 12,000 crore in the next four years.

"We shall be releasing Request for Proposal (RFP) from telecom vendors for 70 million GSM lines. Our plan is to start rolling out network by August this year," Ravi Sharma, Managing Director of Datacom, a company led by Group Chairman Venugopal Dhoot, told PTI.

Videocon, which has a majority stake in Datacom, had earlier announced Rs 6,000 crore investment in the telecom business and it has now been doubled to Rs 12,000 crore.

Besides huge investment in the domestic telecom sector, Datacom is also looking for a footprint in the global market through a mix of stake acquisition in existing telecom companies or through greenfield projects.

The company is talking to a host of players globally through its international arm Thompson, Sharma said, adding that talks are in the initial stage and fructification of the deal may take some time. Datacom was awarded licenses in 22 circles recently and the government has already started allocating spectrum (radio frequency) in some of the circles.

The company has been given start-up 4.4 MHz spectrum in states of Kerala, Tamil Nadu, Andhra Pradesh and Karnataka and may also get frequency in Orissa and Kolkata soon.

60. Demand for product engineering services to grow

[Business Standard](#), June 3, 2008

Bangalore: In India, where the domestic market for software product has just started warming up, industry expects the demand for outsourcing partner to pick up in a big way in the next 5-7 years.

Over the last two years, over 500 software product companies have started their operations in India focussing on sectors like mobile, Internet, digital entertainment, travel and retail. Industry sources say that most of these companies, owing to their lesser known brand name in attracting the talents to set up their own team of developers, are considering to outsource software development works to local partners.

"We had two options when we started the company in May 2007. Either to build a team of software developers by ourselves, or to outsource to a local partner. We preferred the second option since it

was difficult for a small company like ours with a little known brand name to build a team of engineers and manage them," said Deepak Ramesh, co-founder of Mango DVM, a Chennai-based firm that sells digital music through its network of digital vending machines.

Many of the outsourced product development firms including Persistent Systems, Symphony Services and Aspire Systems are optimistic that as the Indian product companies grow in size and scale, with the rise in domestic demand for their products, the demand for outsourcing partners will get a boost.

"Local market will be a growth driver for OPD companies although, as of now, that market is in its novice stage. For the coming years, we would be bidding on larger domestic deals, which include defense tenders," opines Anand Deshpande, CMD Persistent Systems.

Symphony Services, who had been working as an outsourcing partner for many global software majors who have operations in India, is also actively pursuing for opportunities in India. Said Ajay Kela, COO, Global Operations, Symphony Services, "I do believe that the domestic product market to open up, and a lot of domestic companies especially in Internet, travel portals, mobile and retail space, will look at working with product development services specialist firms like us."

Aspire Systems, a Chennai-based OPD firm has already signed couple of contracts from Indian companies who focus on digital entertainment and financial software. The company has set a target to sign at least six contracts from Indian product companies in the current fiscal.

"It will be a growing trend going forward. Because, the newer generation of Indian entrepreneurs want to build software products; but its very challenging for them to establish a team of engineers. The best way to do it in the most cost-effective way, is to outsource the works to specialist product development companies like us," added Kela.

The spurt in product businesses in India began in 2004-05 when VC funding was accessible and the domestic market need for software product grew. Analysts are of the opinion that going forward VCs will be instrumental in persuading their portfolio companies to outsource product engineering works to OPD partners.

"When exiting from the venture, investor would look for best possible valuation. By detaching the non-core activities like product development, company can enhance its bottom-line. In addition, setting up of dedicated product development center would not be economical considering the substantially lower volume and frequency of work," said Milan Sheth, Partner, Outsourcing Advisory, Ernst & Young.

According to a study by Nasscom-Booz Allen Hamilton, the total offshore engineering spend is expected to grow from about \$15 billion in 2005 to about \$225 billion by 2020.

The share of Indian companies in the offshored engineering services market, which is about 12 per cent now is expected to reach 30 per cent by 2020.

The Indian product engineering services companies, based on their long experience in working with global players in releasing thousands of products from concept to delivery, are all set to tap the huge opportunities in this space.

"Service providers have grown high up the value chain to provide concept, design services to global clients. Offshoring experience from MNCs has built in the required capability and know-hows for Indian service providers to fully co-operate and support the domestic product businesses," said Chandramouli CS, Engagement Manager - Advisory Services, Zinnov Consulting.