Newsletter, 20-V-2012

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INDIA – complete stories

1. India to host regional investors meet on Afghanistan: Krishna

The Hindu Business Line, May 02, 2012

New Delhi: The Indian Government will soon host a meeting of regional investors on Afghanistan in New Delhi. This was announced by the Foreign Minister, Mr S.M. Krishna, after co-chairing the inaugural session of the India-Afghanistan Partnership Council. The Council meeting was also attended by the Foreign Minister of Afghanistan, Dr Zalmai Rassoul. Mr Krishna said that the hosting of the meeting was a measure of India's ongoing commitment to the long-term prosperity of Afghanistan. Senior officials of the Ministry of External Affairs said that the meeting will be attended by all stakeholders including Indian industry, apex chambers of commerce and industry.

“The meeting will be held before the Tokyo meeting on Afghanistan. The Delhi meeting will act as a sort of the bridge between the earlier Istanbul meeting on Afghanistan and the Tokyo meeting,” a senior official said.

Mr Krishna also announced that the Foreign Ministers of India and Afghanistan had directed the three working groups under the Partnership Council on trade and economic cooperation, capacity development and education and social, cultural, civil society and people-to-people contacts to meet at an early date. Addressing the media, Dr Rassoul said that India has been the largest development partner for Afghanistan in the region over the past decade.

“Among other areas India's support includes $2 billion development assistance in 2001 which has helped Afghanistan to build key roads, provide essential health care services and send kids to school. Afghanistan keenly looks to forward its partnership with India in the months and years to come,” the Minister said.

2. Narayana Hrudayalaya plans Rs 5,000-cr ($1 bn) expansion in 5 years

The Hindu Business Line, May 04, 2012

Ahmedabad: The Bangalore-based Narayana Hrudayalaya Hospitals (NH), which currently has 14 hospitals with 6,000 beds across seven States, is planning to invest nearly Rs 5,000 crore on setting up a chain of 100 low-cost specialty hospitals and at least three more health cities in the country. The low-cost hospitals will add about 30,000 beds in five years. The company will invest Rs 25-30 crore on each of these hospitals using pre-fabricated construction materials.
“The first such hospital is being built by L&T in Mysore. We want to prove that such a modern , 300-bed multispecialty hospital can be built for $6-7 million (Rs 35 crore) as against the estimates of $25 million,” Dr Devi Shetty, Chairman, said here on Thursday.
These hospitals will be opened in about 100 Indian cities having population of between five and 10 lakhs. Nine such projects will be operational in the next 18 months
After Bangalore, the company's second super-specialty Health City complex, offering all healthcare facilities at one place, is coming up in a 37-acre area of Ahmedabad.
Total investment
With a total investment of Rs 600 crore planned in five years, it will have 5,000 beds in three-four phases, besides a medical college that will admit 200 students from poor families, nursing and paramedical institutions.
In the first phase, inaugurated on Thursday by the Gujarat Chief Minister, Mr Narendra Modi, NH has provided 300 beds at a cost of Rs 110 crore.
“Economy of scale, sharing infrastructure and expertise reduces our cost of operation and other expenses,” said Dr Shetty.
About half-a-dozen more hospitals will be established in the same campus, Dr A. Raghuvanshi, Managing Director, told Business Line. “We are also planning to set up two more health cities, in West Bengal and Uttar Pradesh, at similar investments.”
Dr Shetty said India needs to perform 25 lakh heart operations annually but is able to operate only about 90,000 patients.
“We want to make India the first nation to dissociate healthcare from prosperity by providing ultramodern treatment at the lowest cost.”

3.1. P&G to build largest Indian plant in Hyderabad

The Economic Times, Apr. 20, 2012

Hyderabad/ Mumbai: Procter & Gamble, the world's largest consumer goods company, will build its largest manufacturing plant in the Indian sub-continent in Hyderabad by investing 345 crore. The plant, to be spread across 170 acres at Mahbubnagar district, will make products across categories such as laundry, personal and baby care, a person, who is the know said on condition of anonymity. P&G India's associate director, product supply, Madhav Rao confirmed that the maker of Tide detergent and Head & Shoulder shampoo will build a manufacturing facility in Hyderabad. The plant will start commercial production in two years.
Andhra Pradesh industries secretary TS Appa Rao said P&G has awarded the construction contract to L&T. "They have asked for a tailor made package of tax breaks and the state investment promotion board is considering it," Rao said.
The $82.6-billion (sales in FY11) US giant had considered Chennai too as a possible site for its plant. Building the plant in Hyderabad will make it eligible for a 100% stamp duty reimbursement and fixed power allocation as per Andhra Pradesh's newly-revised industrial policy. The company has also asked for a 75%

reimbursement on VAT for five years.
The move is in line with the Cincinatti-based firm's global mandate to set up over 20 production centres and acquire one billion new consumers in emerging markets by 2015. P&G is looking to catch up with archrival Unilever in India and most emerging markets. Making more products locally and reducing imports will help it speed up product launches and cut costs.
It currently has five plants and over nine contract manufacturing sites in India.
Last year, P&G approved an investment plan of over 900 crore in its unlisted arm Procter & Gamble Home Products. Most of this money will go into powering P&G's 'Project 2-3-4,' which is aimed at doubling the number of Indians who use its products, trebling per capita spending by Indians on its products and quadrupling net sales of its India operations by 2015.
Anand Mour, senior analyst at brokerage firm Ambit Capital, said P&G will need to spruce up production to quadruple its sales. "Making products locally will help P&G in economies of scale to localise and price their products aggressively," he said.
P&G is also expanding its existing multi-product manufacturing facility in Bhopal. It has doubled its distribution reach over the past couple of years and now has a direct reach of 1.3 million outlets, against HUL's direct reach of 2 million outlets.
At present, India is one of the smallest markets for P&G with just $1-billion sales across three subsidiaries -Procter & Gamble Health & Hygiene, Gillette India and Procter & Gamble Home Products.

. 3.2. Hindustan Unilever sets up insights centre to study how Indians shop

Sagar Malviya, ET Bureau | May 7, 2012

MUMBAI: World's third-largest consumer goods firm Unilever has set up a Customer Insight and Innovation Centre in Mumbai to study how consumers shop FMCG products-its first such hub in India and seventh in the world. The centre at Hindustan Unilever's headquarter at Andheri will be used by several group companies in developing and emerging markets to understand how people shop in both neighbourhood stares as well as modern trade. This is the first such centre that provides shopper insight for both general stores as well as retail chains.

"The learning will go typically in developing and emerging markets where traditional trade is big," Punit Misra, vice-president, customer development, at Hindustan Unilever, says. "We have been doing consumer marketing forever where the basic premise is consumers are truly the same," he adds.
The insight centre will simulate the retail environment of any supermarket or neighbourhood store and then invite consumers to shop the virtual store. A device will scan their retina to track the movement of the eye, and then a map will display the spot that catches the consumers' attention.

Simply put, the centre will help the Anglo-Saxon consumer goods maker advice grocers on how category growth, profit per sq ft and availability can be improved using virtual reality tools.

The company will use the data and insights from the centre to plan packaging design for future products. It will also test new product through virtual reality platform and use the facility for their promotions. So far, the company has engaged grocer outlets with promotions, display materials and margins. The development is seen as a part of Hindustan Unilever's efforts to increase its sales and widen lead over rivals such as Procter & Gamble, ITC and Godrej Consumer.

Analysts say the company wants to connect more with the trade at a time when millions of kirana stores it sells products to are being increasingly covered by its rivals too. While Hindustan Unilever still enjoys the country's largest retail network of over 7.2 million outlets as per Nielsen estimates, its closest rival Procter &

Gamble now reaches around 5.6 million outlets.

"This means the company wants to come as close to the customer as it can get," Anand Mour, senior FMCG analyst at brokerage Ambit Capital, says. "It will not only increase the category but also help in getting more sales of its products since HUL is present in most FMCG categories," he says.

But getting millions of kirana stores to sport a look that HUL advises is a challenge. Misra knows that, and feels that the company is ready to overcome that problem. "Modern trade is simpler. General trade is a bit tricky on how do you disseminate a repeatable model to five lakh family grocers," Misra says. "So we do the creation, the testing, the learning and the models, and then our execution teams on the field convert them into ready-to-use kits which they can take to the retailers," he says.

The maker of Lux soaps and Pond's cream has been taking several initiatives to increase its sales and consumer base in the country. One of the recent such projects was Mission Bushfire-an employee-led market execution and customer interaction exercise initiated in 2010 to get the home and personal care giant to connect with the market place in order to increase product visibility.

Bush Fire resulted in over 40% spike in sales in store wherever the initiative were implemented, according to internal company estimates. Recently, a company official on condition of anonymity told ET that Hindustan Unilever has set a target to more than double its turnover to Rs 50,000 crore by 2015 in a plan christened '50 by 15'.

4.1. Tamil Nadu aims to become investment destination of choice

Business Standard, May 16, 2012

The state of Tamil Nadu is seeing a sudden surge in investments. In a single day — May 14 — the state government signed MoUs for investments worth Rs 7,850 crore, a major chunk of which will come from the automobile industry. State government representatives said these MoUs indicate that investors, especially the automobile industry, are reiterating their faith in the state. Twenty-eight leading industrial institutions have come forward to invest about Rs 36,000 crore in Tamil Nadu, according to the state industries department. These proposals are now at different stages of consideration.

The companies that signed MoUs on Monday include Ashok Leyland- Nissan, Yamaha, Daimler and Eicher Motors. The investments come at a time when the J Jayalalithaa-led government is celebrating the occasion of completing one year in power on Wednesday.

From the MoU it signed, Ashok Leyland-Nissan Motor Company will invest Rs 4,150 crore in facilities at Hosur, Pillaipakkam, Ennore, Vellivavayssavadi and Oragadam.

Daimler India Commercial Vehicle Pvt Ltd also signed an agreement with the state government — to increase the investment in its plant at Oragadam (near Chennai) to Rs 4,000 crore. On April 18, the chief minister had inaugurated Daimler’s commercial vehicle plant at Oragadam. The company has so far invested about Rs 2,500 crore in Tamil Nadu, according to the state industries department.

The other major investment committed was Rs 1,500 crore, by India Yamaha Motor Pvt Ltd, the Indian arm of Japanese two-wheeler major Yamaha Motor Co Ltd, for a green-field facility to manufacture two-wheelers. The investment will be spread over five years and the facility will come up at Vallam Vadagal on the outskirts of Chennai.

“This facility will be the company’s largest factory in Asia,” said Roy Kurian, national business head- sales, India Yamaha Motor. The first product to be rolled out from the factory will be Yamaha’s Scooter Ray.

Hiroyuki Suzuki, CEO and managing director, India Yamaha Motor, said, “Two main reasons why we chose Tamil Nadu over other states in the south are the supplier base and the ease of catering to export markets from Tamil Nadu.”

The other two investments for which MoUs were signed on Monday are Rs 350 crore by Eicher Motors to set up a two-wheeler factory at Oragadam for Royal

Enfield and another Rs 350 crore by Philips Carbon Black Ltd for setting up a facility at Tiruvallur.

"The state received investment proposals worth Rs 59,907 crore between May 2011 and January 2012. This includes Fortune 500 companies who are ready to invest over the next six months," says P Thangamani, minister for industries.

This shows the investment environment is improving, the minister said, adding that according to the secretariat for industrial assistance of the Union commerce ministry, between May 2011 and January 2012, the Tamil Nadu government received investment proposals totalling Rs 59,907 crore. The Jayalalithaa-led government took charge on May 16, 2011.

Some of the major investments that were committed after the new government took over include:

- Nagarjuna Oil Refinery Limited's additional investment of around Rs 12,000 crore over and above the already committed Rs 10,000 crore (including the setting up of a Rs 7,160 crore refinery and captive port along with storage infrastructure).
- State-run Tamil Nadu Industrial Development Corporation (Tidco) signed a MoU with GAIL to float a new company, which in turn will invest around Rs 10,000 crore to set up pipeline infrastructure and power projects based on LNG.
- Tidco also inked a MoU with Indian Oil Corporation to set up a Rs 4,500 crore LNG terminal.
- In real estate, a consortium led by Ascendas will set up a Rs 3,517 crore township. A manufacturing zone inside the township is expected to attract investments of around Rs 15,000 crore and create 40,000 jobs.
- In the auto sector, Ford India will invest an additional Rs 750 crore. It was during Jayalalithaa's earlier tenure as chief minister that the US auto major had decided to set up a manufacturing unit near Chennai.

Tamil Nadu is one of the largest automobile hubs in the country, with a capacity to manufacture 1.3 million cars and 360,000 commercial vehicles every year. This translates into three cars every minute and one commercial vehicle every 75 seconds.

Tamil Nadu is currently ranked the fourth largest state in India in terms of the size of its economy. While the share of the agricultural sector in TN's economy is 12.6 per cent, the secondary sector is 25.8 per cent and the services sector 61.6 per cent. The share of the secondary sector comprises the manufacturing, electricity, gas and construction industries. Within the secondary sector, the share of manufacturing industries is 19.5 per cent.

The state government has for the first time embarked on the preparation of a 'Tamil Nadu Vision 2023' — a plan to guide overall development. This envisages that GSDP at constant prices will grow at 11 per cent or more per annum over the next 10 years — faster than the national growth rate. This will require the state's manufacturing sector to grow at 14 per cent a year between 2012 and 2023.

To make this possible, the government has taken steps to address two major issues — land and power. The government proposes to create a land bank of 16,400 acres from which allotments will be made to industry. The State Industries Promotion Corporation of Tamil Nadu will acquire land across six districts. On the power crisis, the government says it will be resolved by the end of this year.

4.2. Suzuki to construct new motorcycle plant in Haryana

The Economic Times, Apr. 24, 2012

Mumbai: Suzuki Motorcycle India (SMIPL), a subsidiary of Suzuki Motor Corporation, Japan has decided to build a new two wheeler plant at Rohtak in state of Haryana, India. The Haryana chief minister Bhupinder Singh Hooda laid the foundation stone at the planned site. In 2004, Suzuki Motor Corporation, Japan (SMC) had set up SMIPL for manufacturing and sales of two wheeler. SMIPL started producing two wheelers from 2006 at Gurgaon plant in Haryana state.

Two wheeler market in India has been expanding and crossed 13.4 million units in the last financial year 2011-2012. The market is expected to further increase and SMIPL has taken an approval from Haryana Government to build an additional two wheeler and components plant by using 4 lakh land that is a part of land allotted to Maruti Suzuki India Limited (MSIL), subsidiary of SMC in India.

Planned production capacity of this plant is 5 lakh units, and the plant is expected to be completed in the year 2014. Further expansion of the plant will be planned according to the expansion of the two wheeler market in India. In SMIPL, the product portfolio includes 2 models of scooter, 2 models of motorcycle, being produced in Gurgaon Plant and production stood at 3.5 lakh units in 2011, a 122% increase over the previous year.

4.3. Maruti Suzuki exports one millionth vehicle

The Economic Times, May 01, 2012

Mumbai: Maruti Suzuki exported its one millionth vehicle here today. To be sold in Denmark the red coloured A-star left the Mundra coast line along with 2,200 other vehicles for various international destinations including Switzerland, Malta, Sweden in Europe and Algeria, Egypt and Morocco in the non European destinations. " Two years back, Europe was a strong destination for us. We have aligned our exports strategy in line with the changed scenario in exports market. The market for us has shifted significantly from Europe to non-European countries," said Shinzo Nakanishi, Managing Director & CEO, Maruti Suzuki India Limited.
While the A-star, marketed under 'Suzuki Alto' and 'Suzuki Celerio' badge in international markets was doing well, we also worked on identifying alternate non European markets. This strategy worked in our favour and helped us retain our export numbers after European nations withdrew the scrappage incentives, said Nakanishi.
In 2009-10, Maruti Suzuki's total exports were over 1.47 lakh units. Of which over 75 per cent were to Europe. By 2011-12 the share of non-EU export sales shot up sharply from 23 per cent to 66 per cent. In coming times, the Company plans to expand its presence in newer markets including the ASEAN region.

5.1. Indian MNCs get robust

Business Standard, May 16, 2012

New Dehi: The robustness of an economy is partly reflected in the health and standing of its multinational or transnational companies. This, in turn, reveals the relative strength of its different industries and the prowess of leading corporate entities. The Indian School of Business, in co-operation with a Brazilian counterpart, has constructed a transnational index to rank Indian multinationals and thereby gain available insights. The index combines size measured in three ways: through revenue, through assets and through the number of employees.
The progress that Indian companies have made in the last decade can be gauged from the fact that when at the turn of the century a few leading Indian companies and industries were claimed to be globally competitive, the criteria used were more technical than quantitative.
For example, Tata Steel was considered to be globally competitive because it was adjudged a leading low-cost producer, and Reliance Industries emerged as an efficient refiner because of its ability to cut project costs and, thus, improve refining margins. Several auto component firms rose to fame by being able to secure the Deming prize for quality. And most recently, leading Indian IT companies have secured the highest levels of quality certification.
Today the story can be told in terms of share of global revenue and assets in the firms’ total numbers. Now, more than half the assets and revenues of the top 15 global Indian companies are sourced globally. Metal and metal products (Tata Steel and Hindalco), software (TCS, Infosys and HCL) and pharmaceuticals and life sciences (Dr Reddy’s and Jubilant) are prominent in the list. Indian companies have gone global largely through their acquisitions. Tata Steel bought Corus; Tata

Motors, Jaguar Land Rover; Hindalco, Novelis — and, most recently, Bharti Airtel bought Zain. But if any business organisation stands out, it is the Tatas, who account for as many as six of the top 15 Indian multinationals.
They are the most international in their mindset and willingness to do business. However, recent figures (particularly of the last three years) have to be seen in the right historical context. Most Indian acquisitions took place during the period of ample liquidity (debt-funded acquisitions were easy to accomplish during the boom years before 2008). The only large acquisition that took place afterwards was by Bharti Airtel. Thus, the last three years stand out as a period of consolidation of global business in relation to domestic business, and not of going forward. Building competitiveness and going global are slow processes. Both Tata Motors and Hindalco appear to have absorbed their acquisitions well, although Tata Steel will probably take a bit more time to do so. What is more, the relative health of large Indian multinationals, in sharp contrast to the travails that the domestic economy is facing, suggests that it is only a matter of time before global growth picks up pace.

5.2. Multi-national companies looking to expand R&D centres in tier-2 cities: Study

The Hindu Business Line, May 10, 2012

Bangalore: To cut costs and contain attrition, Indian MNCs are moving into tier-2 cities, says a Zinnov study. Consulting firm Zinnov in its study said that while 96 per cent of MNC R&D companies are located in cities like Bangalore, increasingly they are moving to tier-2 cities such as Ahmedabad, Jaipur, Chandigarh, Coimbatore, Vadodara, Nagpur, Pune and Thiruvananthapuram. Further, the study highlighted that the MNC R&D talent pool in India for 2011 was 204,196.
R&D talent
This R&D talent pool is growing at the rate of 9 per cent every year and is expected to reach 2.5 lakh by 2015. Mr Chandramouli C.S., Senior Director-Globalization Advisory, Zinnov, said, "MNCs started expanding to tier-2 cities due to advantages like higher catchment area, lower attrition, cost arbitrage, etc." Typically, tier-2 cities were a preferred destination for IT and BPO companies which were grappling with commercial real estate and attrition costs. This trend is being seen now with multinationals such as Dell, Nokia, Amazon and others who are looking at tier-2 cities that would be in addition to their existing centres in major cities.
Cost of living in tier-2 cities is 10-25 per cent lower compared to tier-1 cities and provide cost advantage of 15-40 per cent in commercial real estate costs. "Salary costs and other expenses go up in a tier-1 city over a period of time," said Mr Manohar Joshi, Director –Systems, IonIdea Inc.
Fresh talent
Also, fresh talent pool in tier-2 cities is estimated to form 35 per cent of the Indian R&D workforce going ahead. In the tier-2 cities, work such as testing, level 3 customer support and bug fixing are being undertaken.
These typically tend to be lower level work in terms of profile but which is critical to a company's operations, opine analysts. The study also pointed out that companies are looking at a hub-and-spoke model wherein these R&D centres are closer to their manufacturing business like automotive.

6. Angel investors launch first online platform for start-ups

Business Standard, May 18, 2012

New Delhi: Here's some good news for start-ups. With a goal to connect entrepreneurs with investors, a group of angel investors, including Google India Managing Director Rajan Anandan, has come together to launch an online platform — VentureFund.com — with an initial corpus of $100 million. The founding team members include Lord Alli, co-founder and chairman of www.asos.com, Ashok Kurien, director in the boards of Zee TV, Sun TV and Playwin, and Paul Shoker, a serial investor who has interests in Indian ventures such as thePrivateSales.com and Koovs.com. Shoker would lead the fund as its vice-chairman. Anandan, also a member of the Indian Angel Network, is part of the venture in his personal capacity.

VentureFund.com, a brainchild of Shoker, aims to connect entrepreneurs of early stage companies with qualified investors from around the world. The site will go live later this week. Shoker, who claims this is the first online platform for entrepreneurs and angel investors, started working on this concept six months back when his younger son wanted to invest in start-ups. “There was no authentic platform from where you could get details about start-ups,” Shoker said. He was quick to spot this problem and wrapped an online solution around it, in the form of the VentureFund platform.(WEB OF INVESTMENTS)

“The response we have had from entrepreneurs and investors clearly demonstrates that we are building upon a need to help the start-up community to get their ideas off the ground and succeed. Within six weeks, we have been able to get $100 million,” said Shoker. “By the end of the year, we expect this to be a $500-million fund.” Besides, VentureFund.com would also act as an e-commerce platform. It has already tied up with the US-based e-retailer Amazon.com to offer a reading list for its users.

Though the platform would be free for investors, entrepreneurs would have to pay a one-time fee of around $100 (about Rs 5,400) after being contacted by a prospective investor. “With over 100 million start-ups coming up every year worldwide, this market is very fragmented. But, most of these start-ups look for mentoring and funding. We wanted to create a platform for both entrepreneurs and investors,” said Kurien.

“Qualified deal flow is essential for any investor, and for that to happen we have to educate and mentor the best ideas and start-ups,” he added.

7. Companies open a creative front in war for talent

Samidha Sharma, TNN | Apr. 20, 2012

MUMBAI: Hiring methods at Indian companies have undergone dramatic changes over the last few years as the war for talent continues unabated. Employers are now willing to go beyond traditional channels in order to get things right. While hiring from networking sites is not new to India Inc, it's now achieving substantial scale. Take India's fourth largest IT services company, HCL Technologies, for instance. It got on board almost 60% of its senior-level executives (general managers and above) last year through professional online networking platforms, primarily LinkedIn. ING Vysya Bank, on the other hand, introduced something called 'fone-a-career' in 2011, similar to a customer services cell, to cater to prospective employees by counseling them over the phone about their careers. About 7% of its overall hiring was done through this platform last year.

Employers say they are seeking these alternative routes to not only sift out the best talent but to also make their workforce diverse. So, it wasn't surprising when IT major Mahindra Satyam recently launched a campaign called 'Career Divas' on social networking website Facebook and successfully hired only women. Last month, snacks & beverages major PepsiCo India introduced an application tracking system Kenexa, already being used globally, within the company to help it leverage the relevance of social media in recruitment.

"We have a dedicated team which looks into hiring through social media. As early adopters, we are at a stage where the numbers are much higher in terms of percentage of workforce hired from these new channels compared to any of our peers," says Ravi Shankar, senior VP, HR, at HCL Technologies. Shankar says HCL started using portals such as LinkedIn way back in 2007 and, other than hiring a huge chunk of its senior executives, it also employs 20% of its junior and 40% of its mid-level staff through it. HR heads at companies say for senior positions candidates who are not actively looking out for a job change can also be tapped through such platforms and at much lesser costs whilst a consultant at an executive search firm charges a huge fee.

While the numbers are staggering for HCL, another IT services firm, Mahindra Satyam, says it hires 10% of its workforce, largely at the 2-6 years experience level, from social media platforms and plans to increase its focus further. Having conducted the 'Career Divas', Mahindra Satyam's chief people officer Hari T says the idea is to explore more such avenues which are not traditional in nature.

"It is very important to innovate for frontline positions as we hire in thousands every month," says Ranga Subramanian, head, Resourcing & Talent Acquisition, at ING Vysya Bank. Besides tasting success with 'fone-a-career', the bank hired 20% of its senior executives from LinkedIn and other social media platforms along with 50% of its mid-rung staff and 30% junior staff.

On their part, consultants acknowledge the growing interest of companies in social and professional networks. "But, again the challenge remains that passive candidates at the senior level do not respond to advertisements of any kind. Also, a direct approach to candidates at the senior level often does not go down very well," says K Sudarshan, managing partner, Asia-Emerging Markets, at global executive search firm EMA Partners.

8. Govt banks to install 60,000 more ATMs

Business Standard, May 11, 2012

Mumbai: After a gap of six to eight months, public sector banks (PSBs) have geared up to establish 60,000 more Automated Teller Machines (ATMs) across the country over the next two years. The state-owned lenders had put their ATM expansion on hold as a centralised outsourcing model was being worked out by a committee appointed by the government. ATM machine manufacturers and payment service providers will be participating in the bidding process, being led by six major PSBs — State Bank of India, Punjab National Bank, Union Bank of India, Bank of India, Bank of Baroda and Canara Bank.
“This will be a completely outsourced model. The requirements for 22 regions across India have been clubbed into 16 bidding circles,” said a senior official from a payment service provider company.
“We expect the whole process to be completed in June and results to be announced by June-end,” the official added.
According to data from National Payments Corporation of India, the number of ATMs in the country — of private, public, foreign and cooperative banks, part of the National Financial Switch connecting all ATMs — had reached 98,025 by the end of April 2012.

A study by ATM manufacturer NCR Corporation India shows about 70 per cent of deployment has been in urban areas. “Though the total requirement does not specify an urban-rural ratio, a higher deployment in rural areas is being considered,” said a senior official of a large PSB.
Customised ATMs for rural areas are also being tested. “The machines used in metros may not be relevant in rural areas,” said Jaivinder Gill, managing director, NCR Corporation. He said the company had developed machines that could interact with the user in 23 languages and use biometric authorisation as a safety feature if the user was not comfortable with PIN identification.
Of the ATMs in rural India, about 20 per cent are owned by private sector banks. The ratio is expected to change with the entry of non-bank entities or White Label ATM operators. White label ATMs are those owned and operated by non-bank entities. “The banking space has seen considerable growth through ATMs, but it has been restricted principally to the urban/metro areas,” said the Reserve Bank of India in a draft report on White Label ATMs released in February.
The central bank said allowing entities other than banks would help the overall objective of financial inclusion. The final guidelines on the proposed model are awaited.

9. IT infrastructure market will touch $2 b this year: Gartner

The Hindu Business Line, May 15, 2012

Hyderabad: The Indian IT infrastructure market will reach $2.05 billion in 2012, showing a growth of 10.3 per cent over the last year's figure. This market, comprising servers, storage and networking equipment, will touch the $3-b mark by 2016, research firm Gartner says. Revenue growth will be primarily driven by ongoing data centre modernisation, as well as new data centre build outs. Servers are the largest segments of the Indian IT infrastructure market, as revenue are

forecast to reach $754.5 million in 2012, and grow to $967.2 million in 2016.
The external storage disk is the fastest growing segment within the IT infrastructure market. The enterprise network equipment market in India, which includes enterprise LAN and WAN equipment, is expected to grow from $861 million in 2012 to $1.2 billion in 2016.
Gartner has come out with this outlook for IT infrastructure market to mark the Gartner Infrastructure, Operations and Data Centre Summit scheduled to be held in Mumbai on Tuesday.
"The key growth driver for the data centre market is the ongoing investment in large captive data centres coupled with the capacity growth witnessed within the data centre service provider space," Mr Aman Munglani, Research Director at Gartner, said.
Indian organisations are heavily focusing on optimising their infrastructure capacity by implementing virtualisation and incorporating newer ways of data centre design, he said.
Cloud adoption
Though India is in the early stages of cloud adoption, cloud service providers will also be a key contributor to the infrastructure consumption, especially for commodity type, scalable technologies, such as scale out systems and extreme low energy servers.
Indian IT organisations are making a big shift from a distributed IT setup to a more manageable and efficient centralised model, leading to consolidation of branch and remote IT resources into fewer, but larger data centres, Mr Naresh Singh, principal research analyst with Gartner, said.

10. Hospitality sector upbeat on domestic tourist flow

The Hindu Business Line, Apr. 23, 2012

Mumbai: Notwithstanding the increase in rates of tour packages and high air ticket prices, hospitality players are upbeat about the summer tourist season.
Occupancy levels have been stable and demand from domestic travellers has seen a steady increase, say industry players. "The hotel industry in India is on a growth trajectory. We feel that demand in the market has kept pace with incoming supply. Occupancy levels pan-industry, including Taj Hotels, are either at the same levels as last year owing to increase in supply or have improved in certain key destinations," said Ms Deepa Harris, Senior Vice-President, Sales and Marketing, Taj Group of Hotels.
According to Crisil Research, occupancy levels are expected to scale back to the pre-crisis levels and are expected to touch 65 per cent by 2014. A steady rise in domestic tourist spending has also brought cheer to the industry with a 13.7 per cent compound annual growth rate (CAGR) from 2010 to 2012, according to a report by World Travel and Tourism Council.
The country had 740 million domestic travellers across segments in 2011 and the figure is set to grow. Younger demographics of the travellers and their changing preferences have opened many opportunities for the hospitality sector. For example, recently Vivanta by Taj opened its new hotel at Bekal in Kerala and Srinagar, which are some of the emerging destinations for the Indian holiday goers.
"Shorter duration of holidays is a trend observed during summer travel. However, occupancy levels in hill stations and popular summer destinations such as Goa are 100 per cent for the season," said Mr Manmeet Ahluwalia of Expedia – India, travel portal.
Occupancy levels
Hotel Leela has seen steady occupancy level at its hotels in Goa, Udaipur and Kovalam. The group is upbeat about its recently renovated Goa property. "This summer, we are looking to boost our revenues from the Goa property by 25 per cent over last year," said Mr Sanjoy Pasricha, Vice-President, Sales and Marketing, The Leela Palaces, Hotels and Resorts. Yatra.com also expects tourist traffic at popular summer destinations to grow. "The economy is positive and the domestic market is very receptive," said Mr Pratik Mazumder, Head Marketing, Strategic Alliance at Yatra.com.
On inbound travel segment, hospitality industry experts say that as compared to the situation in Europe and US, economic activity in India has not decreased

drastically. This has sustained international business travel into the county, albeit with compromises on hotel spends. “The western economies are yet to see recovery. With a partial positive mood in the US economy and the concurrent pressure on European economies, the travel and tourism sector is seeing reduced spends,” Mr Dipak Haksar, COO, ITC Hotels.

11. Tesco's e-tail rollout has India as its innovation hub

Business Standard, Apr. 23, 2012

Mumbai: Bangalore research centre at work to marry mobile technology to offerings in diverse apps Imagine a scenario where you are browsing through a recipe are also able to buy all the ingredients for the dish at a tab of your figure. This is what Tesco allows its buyers to do in the UK and elsewhere with help from its India technology centre. The application (app) for the iPad has been developed by the UK retailer’s India captive unit based out of Bangalore.

Tesco Hindustan Service Centre, is helping the world’s third largest and Britian’s leading retailer in going global with its e-commerce roll-out. After successfully running its e-commerce site in the UK, the retailer is now planning to take its online stores to other regions. The first successful roll out of its online grocery shopping services outside the UK happened in the Czech Republic.

The technology team from Tesco HSC based out of Bangalore is a part of Tesco’s online foray. The team has developed the online platform that supports 25 countries and allows shoppers to browse the site in multiple languages.

“The user response has been excellent. It is one of the five most visited retail websites and on average processes 500,000 orders a week across its online businesses. With the demographic of the buyer changing, we now need to fulfil the customer expectation and reach out to various touch points,” said Sandeep Dhar, CEO of Tesco HSC.

For Tesco, its online and mobile foray is crucial as it increases revenue via online services. According to the 2010-11 annual report, online sales grew 15 per cent. More, 12 per cent of customer traffic to the tesco.com site is coming via the mobile-based grocery app. Last year, the Bangalore-based team produced an online application called Click & Collect, that allows customers to collect rather than wait for the delivery.

“We found customers wanted flexibility even when they shop online. Based on customer feedback, we launched our Click & Collect services. Customers can browse and select their items and place the order online. The order is put together and kept ready for collection by the customer at a defined store location; the customer can simply drive in and collect the shopping and be on their way,” explains Dhar.

While this might sound simple, the Bangalore-based team was responsible for every detail of the Click & Collect platform. Some key challenges include a single core code base to support multiple (25) countries, ability for the platform to serve more than one country from a single deployed instance, allow customers to browse the site in multiple languages, allow for the site to be hosted across multiple data centres, be flexible enough to support variations in business processes, and product data and legal/compliance requirements of each country.

“We have come up with a unique architect for the online platform. It works just like an application store. You can use the App store to download an application to enhance the iPhone usage. We have used a similar concept but on the server side and we call it ‘internal AppStore’. We have created an internal suite of applications, which can be part of the platform, depending on the country it is being rolled out in and the customer experience that Tesco’s local arm in that region wants to give customers,” said Dhar. By bringing in a plug-and-play format to the server and application side, Dhar and his team do not need to reprogramme the applications each time, thus reducing the time of deployment.

Tesco HSC’s overall headcount is 6,300. Of this, a team of 500 employees work on the online solutions and mobile platform. About 75 per cent of Tesco’s IT core sits in Tesco HSC that includes- infrastructure management, application support and development of architecture. The HSC team support 14 operations in countries — the UK, Ireland, America, Korea, China, Japan, Malaysia, Thailand, Turkey, Poland, Hungary, Slovakia, Czech Republic and India.

Mobile is another big focus for the Bangalore team. They have also developed applications for both Apple's AppStore and for Android. Its mobile shopping application has seen half a million downloads so far. One application the team is working on is a voice-based search app.
"Instead of you typing the product's name and searching for it on Tesco's website, buyers will be able to just speak out the product and get the various options. For instance, one can just say milk and the application will list out the variety of milk brands to choose from. We are still working on the voice accuracy. We also intend to roll this cout in at least eight-nine languages," said Dhar.

12.1. Indian 2012 wheat harvest seen at record 90.83 million tonnes

Reuters | Apr. 23, 2012

NEW DELHI: India is expected to produce a record 90.83 million tonnes of wheat in 2012, agriculture minister Sharad Pawar said on Monday, releasing the ministry's latest output estimates.
On March 30, India's farm secretary said wheat output could touch a record 90 million tonnes in 2011/12 crop year on favourable weather conditions.
The estimated output is higher than the 86.87 million tonnes produced in the previous year. India, the world's second biggest producer, consumes about 76 million tonnes of wheat a year. India is expected to produce 103.41 million tonnes of rice in 2011/12, the farm minister said, adding the country would have a total grain output of 252.56 million tonnes

12.2. Sugar exports liberalised

The Hindu Business Line, May 03, 2012

New Delhi: Sugar exports may touch four million tonnes during the current season ending September, as the Government has decided to allow more shipments. This may help the industry liquidate surplus stocks. A high-level inter-ministerial meeting chaired by the Prime Minister, Dr Manmohan Singh, decided to away with the release order mechanism for sugar exports. The Government has also removed the minimum export price for onion and announced a committee under the PMEAC chairman, Dr C. Rangarajan, for framing a policy on foodgrain exports. Currently, the MEP for onion is $125 a tonne.
Doing away with the release order would ensure that sugar shipments for exports move faster. The Government had earlier done away with the release order mechanism in 2008.
So far, the Government has approved exports of three million tonnes in three tranches. Of this, 2 million tonnes have already been notified and shipped out. The notification for one million tonnes, approved on March 26, is expected shortly.
Sugar production in the current 2011-12 year-ending September is expected to touch 26 million tonnes, according to the industry estimates.
On Wednesday, the Indian Sugar Mills Association (ISMA) said that sugar production as of April-end stood at 25.1 million tonnes, about 2.5 million tonnes more compared with the same period a year ago.
The bulk of the increase has come from Uttar Pradesh, where production has gone up by 1.1 million tonnes. Production in Maharashtra is up by 5 lakh tonnes, Karnataka by 3 lakh tonnes, while Tamil Nadu has registered an increase of 4 lakh tonnes.
As cane crushing comes to an end in UP, the industry is betting on Tamil Nadu, Maharashtra and Karnataka to reach the targeted output of 26 million tonnes. Crushing in Tamil Nadu will go on till September and ISMA expects an additional output of around 6.5 lakh tonnes to come from the state. The remaining 3 million tonnes will come from Maharashtra and Karnataka.

12.3. India launches all-weather satellite RISAT-1

IBEF, Apr. 26, 2012

New Delhi: India's first indigenous all-weather Radar Imaging Satellite (Risat-1) was launched successfully on board the Polar Satellite Launch Vehicle (PSLV)-C19 from Sriharikota in Andhra Pradesh, on April 26, 2012. Its images will facilitate agriculture and disaster management. In a textbook launch, the 1,858 kg spacecraft, the country's first microwave remote sensing satellite was injected into orbit from Satish Dhawan Space Centre, Sriharikota, around 90 km from Chennai.

RISAT-1, a result of 10 years of effort by the Indian Space Research Organisation (ISRO), has the capability to take images of the earth during day and night as well as in cloudy conditions. The heaviest satellite ever lifted, RISAT-1 through its microwave image sensing technology would assist in crop prediction. "I am extremely happy to announce that the PSLV C-19 mission is a grand success…It injected precisely India's first radar imaging satellite into the desired orbit," as per K Radhakrishnan, Chairman, ISRO.

The approved cost of Risat-1, including its development, is Rs 378 crore (US$ 72.00 million), while Rs 120 crore (US$ 22.84 million) has been spent to build the rocket (PSLV-C19), making it a Rs 498 crore (US$ 94.83 million) mission. The spacecraft, which would be parked at its final orbit of 536 km altitude, has a mission life of five years and would circle the earth 14 times a day.

13. Rs 10,000-cr incentive package for electronics manufacture on the anvil

The Hindu Business Line, Apr. 24, 2012

New Delhi: The Government is formulating a special incentive package to encourage local manufacturing of electronic goods including mobile handsets, semiconductor wafer fab, consumer electronics and telecom network equipment. The package includes reimbursement of indirect taxes and a subsidy of 20 per cent on capital expenditure made by high-tech manufacturers in SEZ units. Investments made in non-SEZ units could get a subsidy of 25 per cent. The Ministry of Finance has agreed to the proposal with a ceiling of Rs 10,000 crore during the 12th Plan. The subsidy element may be linked to the project outcome in a bid to ensure that companies invest in cutting edge technologies that's marketable.

For example, in the case of semiconductor wafer fab, 75 per cent of the overall subsidy could be linked to production milestones. The incentive package was discussed on Monday at a meeting between the Department of Electronics and IT (DEITy) and the Planning Commission. A senior official told Business Line, "The Planning Commission is in favour of such a policy. It will take some more meetings to finalise the draft."

According to top Government sources, the Department of Commerce has also concurred with the proposal, confirming compatibility to India's commitment to various international bodies including the WTO on subsidies. In order to raise the initial corpus for the project, the DEITy has proposed to levy a cess on all electronic products sold in the country. The revenue earned from the cess will be put into the National Electronics Mission fund. According to estimates made by DEITy, the Government will end up being a net revenue earner by 2020.

The department has presented three scenarios with different production targets. If the production reaches $400 billion by 2020, then the Government subsidy will amount to $32.85 billion while the revenue accruals will be $58.52 billion according to the projections made by DEITy.

This is part of Government's efforts to boost manufacturing in the country. Over the past few months, the Government has taken a series of steps including formulating a National Policy on Electronics. The policy had made it mandatory for Government agencies to give preferential access to electronic products made in the country.

14.1. TCS to hire 50,000 in FY 2013

PTI Apr.. 23, 2012

MUMBAI: Software major Tata Consultancy Services (TCS) today said it is planning to hire 50,000 people in FY 13. "TCS is well prepared to achieve balanced growth across industries and markets it operates in FY 13. In view of good momentum, we are targeting to hire 50,000 people this year," TCS CEO and MD N Chandrasekaran told reporters here. In view of excellent growth in North American and UK markets, we will continue hiring in the overseas markets, he said. "We are hiring employees in the USA, including trainees. We will be visiting campuses in the USA during the fall semester," Executive Vice President, Head, Global Human Resources Ajoy Mukherjee said.

Commenting on wage hike, Chandrasekaran said the company has gone ahead with wage increase and employees will get hike of 8 percent on an average depending on their grades.

He also said that though there is a dip in volume growth in Europe, this is expected to pick up in the next quarter.

The company had successfully undertaken the largest ever hiring effort in its history by adding and integrating 70,400 professionals during 2011-12.

"With business demand continuing to be robust, we have made 43,600 offers on campuses for trainees to join us from the second quarter of this fiscal year. Our efforts to increase retention by engaging with our employees and offering them a progressive career path are paying dividends with attrition rates falling further to 12.2 per cent," Mukherjee said.

The company has maintained high utilisation rates in the fourth quarter with utilisation excluding trainees at 80.6 per cent, while utilisation including trainees was at 71.3 per cent. The overall attrition rate was lower at 12.2 percent with IT attrition at a low of 11.05 per cent and BPO attrition at 21.6 percent.

The average age of a TCS employee is 28 yrs and 62.4 percent of the workforce has more than 3 yrs experience while 31.6 percent of the workforce comprised of women

14.2. TCS beats $10-bn revenue mark in FY12

Business Standard, Apr. 24, 2012

Mumbai: For India’s largest IT services firm Tata Consultancy Services (TCS), the fourth-quarter and annual results for financial year 2012 were about setting milestones. TCS became the first IT services company in the country to cross the $10-billion mark (according to IFRS) in revenues for the year ended March 31. By reporting a 22.6 per cent increase in its net profit on a year-on-year basis for the fourth quarter ended March, TCS gave an upbeat outlook and reiterated it was better placed to manage growth compared to its peers, especially Infosys.The better than expected numbers also put to rest some of the concerns over the demand environment for IT services.

“We have good momentum. We have a good pipeline and the traction in business is positive. We do see a good year ahead and we are sure growth for the next fiscal will be even across quarters,” said CEO & MD N Chandrasekaran. Though the company does not give any guidance, Chandrasekaran said it would do better than the Nasscom prediction of growth for the industry at 11-14 per cent.

TCS saw its revenues rise to Rs 13,259.30 crore in the quarter under review with y-o-y growth of 30.5 per cent, backed by ramping up of existing clients and steady growth of its business across major geographies. The company’s growth during the quarter was also driven by a volume growth of 3.3 per cent. In US

dollar terms, the company's revenue for the full year was $10.17 billion.
In the results announced so far by tier-1 IT services firms, TCS sounded far more bullish than Infosys and HCL Technologies on the demand environment. While both Infosys and HCL indicated discretionary spends were going to be an area of concern and already there were some project ramp-downs, the TCS management said discretionary spends had been easing since Feburary.
On a sequential quarterly basis, the company’s net profit went up marginally by 1.6 per cent and revenues grew 0.4 per cent. "The TCS results were in line with estimates on the revenue and profit fronts. The 3.3 per cent volume growth was encouraging in a tough macro environment,” said Dipen Shah, head of fundamental research, Kotak Securities.
Margins for the quarter decreased 155 basis points (bps) to 27.7 per cent. This was largely due to the negative 71-bp impact of forex loss (Rs 125 crore) and an 11-bp fall due to offshore moves. During the quarter, the company's productivity was up 47 bps.

14.3. TCS fourth most valuable brand in IT Services

Mumbai, May 7, 2012

Tata Consultancy Services (TCS), (BSE: 532540, NSE: TCS) a leading IT services, consulting, and business solutions organization, announced, today, that it has been named the fourth most valuable IT services brand worldwide by Brand Finance, the world-leading brand valuation firm. Brand Finance assesses the dollar value of the reputation, image and intellectual property of the world’s leading companies. Brand Finance’s brand valuations are frequently peer-reviewed by top audit practices, accepted by various regulatory bodies and used by leading global brands as a performance benchmark.
N Chandrasekaran, CEO & Managing Director, TCS, said, “We are extremely pleased with this ranking as it confirms the rapid evolution and recognition of our brand at a global level. In line with the symbolic crossing of the US$ 10 billion revenue mark this year and the global top four position TCS now holds in terms of market capitalization, net income and employees, this achievement on the brand front is a watershed moment in our company’s evolution toward a top position in its industry globally.”
Through its work with clients, TCS has developed a strong reputation in the IT services market for reliably delivering business results, providing leadership to drive transformation and partnering for client success. The company has been investing heavily to build up its brand presence worldwide through a full range of activities, which include an award-winning global public relations program, major sports sponsorships and a wide range of corporate social responsibility activities. The company’s significant portfolio of sports partnerships over the past five years have cut across Formula 1 racing, pro-cycling, cricket and running, while its community initiatives have ranged from health and wellness to youth education and environment conservation initiatives.
“The value of the TCS brand has increased rapidly over the past three years. Our 2012 rankings marks the first time an emerging markets headquartered firm has entered the top league in IT services,” said David Haigh, CEO and founder, Brand Finance. “With a strong brand strategy and a refined sponsorship portfolio, TCS has been able to improve both brand awareness and its profile globally. TCS’ impressive brand value has gone from strength to strength; firmly establishing the company in the same league as the top western IT services firms - making them sit up and take note.”
The world’s foremost expert on the strategic practice of marketing - SC Johnson and Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University, Philip Kotler, said, “Unreported on most balance sheets, brand value and reputation yet remain the most important assets for a company in today’s hyper-competitive globalized marketplace. In this Marketing 3.0 world, successful modern brands need to reach out not only to the hearts and minds but also the spirits of their target audience. TCS is clearly a company that is getting this right, reflected in significant gains to its brand equity, value and reputation.”
2012 Brand Finance Ranking – IT Services – The “Big Four” (Top 4 Ranked Companies)

Rank 2012	BRAND-FINANCE®	Domicile	Brand Value 2012	Brand Rating 2012

1	IBM	United States	$39.1 Billion	AA+
2	HP	United States	$21.7 Billion	AA+
3	Accenture	Ireland	$6.9 Billion	AA
4	Tata Consultancy Services	India	$4.1 Billion	AA

14.4. What makes TCS & Cognizant Technology Solutions with contrasting business models outperform?

ET Bureau | May 10, 2012

MUMBAI: Two of the top five Indian IT service providers are differentiating themselves from the rest, as they continue to outperform their peers. Tata Consultancy Services (TCS), the country's oldest and largest IT firm, grew 24% to $10 billion, despite its size. And even though Cognizant Technology Solutions (CTS), the youngest and fastest growing, disappointed investors on Monday by reducing its revenue growth guidance by three percentage points to 20%, it will still grow faster than peers and the industry (11%-14%).

The two are also the only India-centric providers to have improved their global market share substantially enough to shuffle the international pecking order of IT service providers in 2011.
TCS moved up to 16 from 21 in global rankings and Cognizant to 26 from 33, according to a report released by research firm Gartner this month. Infy stayed put at 27.

This is a story of the contrasting cultures, philosophies and business strategies that have driven both companies to their recent success.

The leading duo is wired differently in every way, say experts and analysts. Cognizant, on the one hand, has a focused approach of leadership in specific industry segments such as financial services or healthcare.

It has industry experts in these focus areas and invests in deep and dedicated relationship managers for large clients. Till recently, most rivals had relationship managers that were shared between clients.

"This helped us understand clients better - not just the technology but their culture and processes. We were able to increase our wallet share in strategic (customer) accounts during the recession," says Malcolm Frank, executive vice-president, strategy and marketing, Cognizant.

"If at the beginning of the recession, a Fortune 500 client was doing work with multiple vendors and the work was spread out evenly between them, by the end of the recession we had a 50% share of the work."

TCS, on the other hand, is equally likely to be present in a call centre contract as in a sophisticated contract to run a stock exchange. Its market strategy is to offer the full range of IT services, have a presence in all industry segments and in most markets. It also has the largest footprint in emerging markets such India, China and Latin America and the most diverse range of services.

"It's a one stop shop for anything in the outsourcing chain - be it call centre work, testing, application management, infrastructure management or any other service," says an analyst, with an overseas brokerage who follows both firms closely. This helps it win multi-year, billion dollars contracts of the kind that global

IT providers like IBM and EDS used to win in late nineties and early part of 2000, says Sandeep Muthangi, vice-president with brokerage IIFL.

"The two are operationally very different. TCS is a company of engineers, Cognizant is a sales and marketing machine," adds Muthangi. In TCS, the direction is more likely to come from the top and percolate to employees. Cognizant, on the other hand, is more like to incentivise sales force and rely on it to get the pulse of the market and go after growth. "TCS has a more transactional approach, Cognizant has a relationship-based approach," says another analyst.

But while their approaches may be different, some of Cognizant's leaders such as vice-chairman and former CEO, Lakshmi Narayanan, and group chief executive - technology and operations, Ramakrishnan Chandrasekaran, as well as a number of other senior executives on the delivery side of operations, are ex-TCSers who moved to the company several years ago.

The two firms also share other traits that have contributed to their success - a stable senior leadership that is familiar with the culture of the organisations. TCS CEO Natarajan Chandrasekaran and Cognizant CEO Francisco D'Souza both started their working careers with the same companies and rose to the top. Before becoming CEOs, they were both COOs.

Their transition to CEOs was smooth and both firms benefited from the stability in leadership. Peers Infosys and Wipro saw leadership changes too but less smooth. Infosys lost senior executives such as Mohandas Pai and Subhash Dhar, while Wipro shelved its joint-CEO model and replaced its joint CEOs, Suresh Vaswani and Girish Paranjpe, with TK Kurien. The leadership churn and changes to the business model acted to their detriment and to the gain of TCS and Cognizant.

"We see Infosys' growth challenges as more company-specific. And we would add that Wipro is challenged as well," says Sandra Notardonato, Gartner's research vice-president at Chicago, covering IT services firms. She adds that three large offshore vendors - TCS, Cognizant and HCL Technologies - are benefiting from 'internal struggles (changing business models, management change) at key competition'.

About 3-4 years ago when TCS launched its 'Experience Certainty' campaign, sales people were positioning it as a provider who could deliver as well or even better than Infosys. The pitch helped, said an industry expert tracking the five large outsourcing providers, requesting not to be named.

Infosys' premium positioning worked well when offshore delivery was less-known and it was able to guarantee delivery excellence, say analysts. But over time, rivals have also been able to improve their delivery processes and oil their sales engine to project the same to clients, eroding much of Infosys' premium positioning.

Both TCS and Cognizant are low-cost, say analysts. In the last three years, however, Cognizant has been ramping up its consulting business and staffing it with blue-chip people from colleges like Harvard, which has helped it get a bigger mindshare among clients and also drive downstream revenue to IT services.

Cognizant Business Consulting has scaled up to over 3,000 people. Such a dramatic scale-up involves an element of risk and investment. The company has been able to take this because of its decision to keep it operating margins at 19-20%.

Both TCS and Cognizant have been adding employees at a rapid pace - nearly twice that of Infosys and Wipro in 2011. While Infosys and Wipro have added over 17,000 employees each, TCS and Cognizant have added close to 35,000 and more. In an industry where revenue growth is still largely people-led, hiring indicators are a key metric in estimating future business.

But neither can remain insulated from market conditions if demand for IT services and outsourcing tapers down. But analysts and experts feel they are unlikely to change their strategies at least for the next 2-3 years

15.1. Cipla may extend its 'affordable and humanitarian' pricing strategy

Rupali Mukherjee, TNN | May 7, 2012

MUMBAI: Domestic pharma major Cipla may extend its "affordable and humanitarian" pricing strategy on other anti-cancer drugs in its portfolio, even as domestic generic companies are still trying to grapple with the huge cuts and evaluate their pricing options. Cipla, the second largest pharma company in India by value, fired the first salvo by reducing prices of its three key anticancer drugs between 59 to 76%, used in treating brain, lung and kidney cancer, on Thursday. Industry experts said Cipla's move will trigger a re-evaluation of portfolio and prices in the oncology segment for all companies competing in this space.
It will also help more generic companies to penetrate the market. While Cipla will examine the impact" of its move on doctors and the market, before it slashes prices of more cancer drugs, most players in the Rs 1,500 crore oncology market like Glenmark, Natco Pharma and Hetero Drugs said that they would take a decision over the next few days.
"It may not trigger a price war but definitely there will be some changes. The oncology market in India has had price wars taking place irrespective of official slashing of MRPs, since approximately 70% of business is driven through institutions which have tenders as a pre-requisite", experts say.
Also, companies offer substantial discounts on the marked prices to doctors and institutions, an executive with a leading company said. Natco Pharma, Cipla's rival, which is launching a generic version of cancer drug Nexavar at nearly 97% lower than the patent-holder Bayer's price, has not taken any further decision on pricing, M Adinarayana, a company offical said. Sun Pharma, a leading industry player, said it has priced products keeping in mind patient affordability, while Glenmark said that its prices are at significant discounts to innovators (prices).
Cipla, which has 23 oncology drugs in its portfolio, has been able to offer the price advantage because of backward integration and reverse engineering, its chairman Dr YK Hamied told TOI, adding it is hoping to launch biosimilars like Roche's Avastin and Herceptin used in cancer, at cut-throat prices in the next two years. However, a section of the industry feels that price is not the only determinant in the oncology market, and quality becomes more important especially in critical care products.
"Hence the decision of a doctor to choose a premium-priced brand over an economical one will depend on the patient type, stage of disease and affordability" says Zohra Dawoodani, senior project director, Ipsos Research. Analysts feel that the move will not affect margins as oncology has low volumes. "Margins will not be impacted as oncology drugs are less than 5% of total sales of companies", says Ranjit Kapadia senior VP Centrum Broking.

15.2. Ranbaxy launches anti-malaria drug

Business Standard, Apr. 26, 2012

New Delhi: Ranbaxy Laboratories, India's top drug maker by sales, today launched a drug to treat malaria. Claimed to be the first original drug developed by an Indian entity, Synriam, the branded anti-malarial combination, will offer a more effective and shorter drug regimen to patients. The drug has been approved for use on adults. According to Ranbaxy, the product is undergoing final stages of clinical trials in Africa, a region that accounts for 90 per cent of malaria-related deaths globally. India, however, accounts for 75 per cent of the 2.5 million cases of malaria reported in the Southeast Asia. Synriam would cost Rs 130 for a complete course (one tablet each for three days), Arun Sawhney, chief executive officer and managing director of Ranbaxy, said.
The company did not disclose the market potential of the medicine, as malaria medicines, by and large, are supplied through government channels. Ranbaxy expects the product to be included in government supplies soon. "We do not expect revenues from Synriam to have a major impact on our balance sheet. It is our CSR (corporate social responsibility) drug, as our prices will be the lowest among similar drugs," Sawhney said.
Of the 17 medicines approved by the World Health Organisation for treatment of malaria, more than half are supplied by Indian drug companies such as Cipla, Ipca Laboratories and Ajanta Pharma. Other players include multinationals such as Sanofi Aventis and Novartis. A WHO pre-qualification is essential for

including a malaria drug under any global programme. Ranbaxy also needs this international approval, if it has to supply its medicine for the treatment of one of the most fatal forms of malaria, falciparum malaria infection.

Ranbaxy got involved with the research project initiated by Medicines for Malaria Venture (MMV), a Geneva-based not-for-profit foundation, when Swiss drug multinational Roche, the original industry partner, decided to hand over the potential drug candidate to it.

Four years later, MMV stopped funding the project and transferred the rights for development and marketing of the medicine to Ranbaxy after it reviewed the progress of clinical trials in November 2006. According to MMV's annual report for 2006, the decision was taken after "the review of the preliminary data and other portfolio priorities". Ranbaxy roped in the department of science and technology (DST) to part fund the project. Sawhney said the development cost of the drug was $30 million (Rs 150 crore). Of this, Rs 5 crore came in as DST grant.

The Ranbaxy-DST agreement necessitates the company supplying the medicine for use by government channels at a much lower rate. While Sawhney said the company was yet to work out the pricing formula with DST, government sources said Ranbaxy had to supply the drug at a price 10 per cent more than the actual cost of production. If the drug is exported, DST would be entitled to three per cent of the net profit earned by Ranbaxy. Sudershan Arora, president of R&D, Ranbaxy, said the company expected to complete the final clinical trials by the first quarter of 2013

15.3. Cipla to launch combination anti-malarial drug in Africa, South-East Asian countries

The Hindu Business Line, Apr. 25, 2012

Mumbai: Drug-maker Cipla is set to launch a fixed-dose combination of Artesunate (AS) and Mefloquine (MQ) medicines for the treatment of falciparum malaria. The two-in-one combination targeting drug-resistant falciparum malaria has been developed by Cipla in collaboration with the Drugs for Neglected Diseases Initiative (DNDi). The combination therapy simplifies a patient's treatment to a single dose of one or two tablets for three days — ensuring that the patient adheres to the treatment regime and the medicines are taken in correct proportions.

In 2010, about 3.3 billion people — almost half of the world's population — were at risk of malaria. And every year, this leads to about 216 million malaria cases, and an estimated 655 000 deaths, said the World Health Organisation (WHO), adding that people living in the poorest countries are the most vulnerable. Cipla's announcement on the combination drug comes on the eve of World Malaria Day on April 25th.

The combination drug awaits WHO approval, Cipla Chairman and Managing Director, Dr Y.K. Hamied, told Business Line. Cipla will sell the drug in African and the South-East Asian markets, he said, adding that it has already been purchased in Malaysia. It has also got regulatory approvals in India and will be available at the retail chemist shops by mid-May, he added. The drug will be bought by private and other purchasing agencies and governments through the tender-process of sourcing, where medicines are bought at "humanitarian" prices, Dr Hamied said.

Cipla, he pointed out, is a leading supplier of not just anti-retroviral (anti-AIDS) drugs, but anti-malarials, as well. Last year, Cipla supplied 50 million anti-malarial doses to Africa, he said. Also in the pipeline, in collaboration with the DNDi, are a couple of anti-retrovirals, he added. The drugs for the fixed-dose combination are being manufactured at Cipla's manufacturing unit in Patalganga.

Innovative partnership

The combination anti-malarial drug was developed through non-exclusive deals that DNDi had with Cipla and the Brazilian government-owned pharmaceutical company Farmanguinhos/Fiocruz, Dr Hamied said, adding that no royalty payments were involved.

Through an innovative partnership supported and facilitated by DNDi in 2008, Cipla entered into an agreement with the Brazilian pharmaceutical company to introduce the new fixed-dose combination in Asian and African countries.

15.4. India focusses on Japanese pharma market

IBEF, May 01, 2012

New Delhi: In order to harness the full potential of the Comprehensive Free Trade Agreement with Japan, India is likely to press the former for further opening of the pharmaceutical sector. This would help the domestic industry to leverage Comprehensive Economic Partnership Agreement (CEPA) and increase its share in the Japanese market. The issue is expected to be discussed in the meeting to be held between Mr Anand Sharma, Commerce and Industry Minister and Yukio Edano, Japanese Minister of Economy, Trade and Industry on May 1, 2012.

The Comprehensive Economic Partnership Agreement (CEPA) between India and Japan, which came into effect from August 1, 2011, is projected to boost bilateral trade to US$ 25 billion by 2014. Indian pharmaceutical industry would gain significantly from the pact as Japan, the world's second largest market, had agreed to cut duties on imports of Indian generic drugs.

As per the pact, the Government of Japan would accord no less favourable treatment to the applications of Indian companies than it accords to the like applications of its own persons for drug registration. This would greatly help Indian pharmaceutical companies. It was highlighted by the official that the demand of generic medicines in the Japanese market and the capability of India to meet this demand will prove as a favourable situation for both the countries. Both the nations are also expected to emphasise on starting negotiations on nursing and healthcare professional service as soon as possible.

"At present India's share is less than 1 per cent of total Japanese pharmaceutical market. India will urge the Japanese side to remove all non-tariff barriers so that real benefits envisaged under the comprehensive economic partnership agreement (CEPA) are materialised," according to a Ministry of Commerce official.

Besides, reviewing progress of the Delhi- Mumbai Industrial Corridor (DMIC), India's US$ 100 billion ambitious infrastructure project, Japan has further expressed its intention to invest US$ 4.5 billion (about Rs 23,400 crore) in the DMIC project.

The two-way trade between the countries has increased from US$ 13.82 billion in 2010-11 to US$ 18.31 billion in 2011-12. India's exports to Japan mainly include gems and jewellery, petroleum, transport equipment and machinery, while imports include chemicals and metals, electronic goods, iron and steel

15.5. Domestic pharma market posts double-digit growth in March

Rupali Mukherjee, TNN | Apr. 24, 2012

MUMBAI: The domestic pharma retail market posted a high growth of nearly 22% growth for March, the highest in the last 18 months. The growth follows the trend of domestic formulations being the revenue driver for the industry. Analysts believe that in the near term there would be buoyancy in the domestic formulations segment, which showed early signs of revival in the December' 11 quarter, and this would sustain for the next three quarters.

A total of 12 companies of the top 20 companies ranked in terms of market shares have registered a growth of over 20% in March, data culled from market consultancy, AIOCD AWACS said. "After a period of a dull company-level growth in the domestic formulations segment- a combination of a likely pileup of inventory in the trade channels and intense price competition - we saw early signs of a revival in the quarter ended December 2011.

We believe that the trend of recovery in the corporate level growth rate in domestic formulations is here to stay. Stronger disease strains, malaria and H1N1, may provide an impetus to sales of companies like Cipla and Torrent Pharmaceuticals. Structurally, favourable demographics would maintain optimism on the segment", an analyst from Avendus Capital said.

Analysts estimate that a set of 11 companies could report a combined high?teen growth between March and September. They added strong growth prospects in the global generics market, steady growth with better profitability in the domestic market and emerging additional growth avenues are key positives for the healthcare sector.

On the other hand, headwinds continue to gather, including an increasing competitive pressure and a highly unpredictable outcome on price control. Competitive pressures continue to increase within the industry, while the outcome on price control remains highly unpredictable; any regulatory move to exercise extensive price control will push the industry into a downward trajectory, the Avendus analyst added.

15.6. Abbott Laboratories in pact with Biocon to develop nutrition products

The Economic Times, May 04, 2012

Mumbai: Abbott Laboratories will collaborate with Bangalore-based Biocon to establish a research and development centre to develop nutrition products in India. Abbott Nutrition Centre, India will work with Syngene, the contract research arm of Biocon, to develop affordable products for maternal, child nutrition and diabetes care, the companies said in a joint press release. "We have consistently invested in India and this world-class research and development centre will allow us to leverage local expertise and insights to develop products we need to successfully expand our portfolio here," said Rehan Khan, managing director, Abbott Nutrition India.
Indian nutrition market is estimated to be about 1,500 crore, according to an estimate by Motilal Oswal. In the past three years, global foods companies have set eyes on the Indian nutrition market for its sheer size.
In 2011, French diary giant Danone had acquired nutrition business of India's Wockhardt Pharma for 1,500 crore, after an unsuccessful attempt by Abbott to buy the business. Currently, Abbott sells Pediasure, one of the oldest available nutrition products in India.

15.7. Indian pharma companies like Hetero, Alembic, Lupin, Dr Reddy's dominating US generic space

The Economic Times, May 04, 2012

Mumbai: India is playing a dominant role in the US generic pharma space, having cornered over half the certified dossiers filed globally for active pharmaceutical ingredients (API). Drug companies from India filed 51% of the overall global applications, also called drug master filings (DMF), in the US market during calendar year 2011. DMFs are essentially approvals to supply complex raw materials to all generic manufacturers servicing the US market, which is the most lucrative of all global markets.
Over the last three years, there has been a sustained increase in the trend of such applications from India. Of the global DMF filings in the US, India accounted for 45% in 2009, which increased to 49% in 2010 and 51% in 2011 (see chart).
Against this, China which is the leading API supplier in emerging markets, cornered only 18% of the total DMFs filed in the US in 2011, down from 20% in 2010.
Interestingly, midrung companies like Hetero, and even smaller ones like USV, Nectar Life Sciences, Shilpa Medicare and Gland Pharma are now filing for such

approvals from the US Food and Drug Administration.
Says Glenn Saldanha, chairman and MD, Glenmark Pharma, "Indian companies are playing a huge role in providing tangible, long-term value to generic players in the US market. US being the largest standalone generic market, continues to offer attractive partnership opportunities as most US dosage manufacturers (barring the top four or five) are not backward integrated."
Among the companies, Hyderabad-based Hetero had the maximum new filings at eight during the fourth quarter of 2011.Others like Alembic, Emcure and Gland have filed four DMFs each. Among large players, Lupin and Dr Reddy's filed three each, while Sun Pharma had two filings, and Cadila filed for one. Other significant filers were Jubilant, Aurobindo, Ipca (two each), while Orchid and Torrent filed for one each.
It was the first time that domestic players filed for 22 molecules during the quarter (higher than eight in 3Q11), of which the Prasugrel filing by Dr Reddy's may lead to a new chemical entity, according to a JM Financial analyst.
Says Sujay Shetty, partner, PwC India, "Domestic companies have moved up the value curve by filing complex certified dossiers. These filings are important for domestic as well as US companies, which are filing for approvals to launch generic drugs (abbreviated new drug application), and are truly indicative of the quality and regulatory compliance, which has become critical. Also, for Indian manufacturers in the US, sourcing APIs from Indian companies, lowers costs."
Sales of APIs in the US have also started augmenting US revenues of these Indian companies .
In the past, industry experts say domestic companies targeted less-regulated markets for API and this space is now extremely competitive. So, many of them decided to make the transition of supplying APIs to regulated markets. And to do this they naturally had to build on their R&D capabilities to meet the stringent requirements of countries like the US.
"Basically, two aspects have emerged... Not only are Indian companies offering standalone APIs but are also increasingly offering finished dosages as part of vertically integrated partnership deals. This is most true for mid-rung players which presently do not have a direct presence in the US market ," adds Saldanha.

16.1. Maersk Line ties up with Kottayam ICD for moving export boxes through Kochi port

The Hindu Business Line, May 01, 2012

Kochi: Maersk Line has tied up with Kottayam ICD (inland container depot) for transporting containers meant for exports through the Kochi port. The ICD was operated by Kottayam Port and Container Terminal (KPCT), a multi modal and minor port using inland navigation connectivity to Kochi port. It is a PPP (public-private partnership) project, promoted by the South Indian Chamber of Commerce and Industry and Kinfra at Nattakom. Mr Wilson Jacob, Managing Director, KPCT, told Business Line that Kottayam ICD has been updated in Maersk systems as its acceptance and bill of lading points and agreement came into effect from April 1.
With this approval, Maersk will now accept cargoes from all the loading ports around the world to Kottayam ICD. Since the ICD name is updated in their system, he said they can do amendment of bills for the transhipment of cargo to Kottayam ICD.
According to Mr Jacob, the tie up will be a major boost to Kottayam ICD as well as the Exim trade in the central Travancore region. He pointed out that KPCT is now handling various type of cargo comprising rubber and rubber products, automobile spare parts, ready-made garments for exports through the Kochi port.
Currently, these cargoes are moved to Kochi by road. The cargo movement through inland waterways would commence shortly once the dredging works in the Kodimatha area of Vembanad Lake by the state Irrigation Department is complete. The company has already procured a barge with a 300-tonne capacity which can carry 10 teus. Once all these facilities are put in place, he expressed the hope that Kottayam port will emerge as a major hub port for exim trade in central Travancore.
It also has a total warehouse area of 40,000 sq ft, customs facilities, weigh bridge, container yard on a 10 acre land, EDI facility, reach stackers. He said that the

ICD and the minor port has been set up by KPCT with the overall objective of providing infrastructure facilities for the Customs cleared stuffed export containers from Kottayam, Idukki and Pathanamthitta districts to Kochi Port.
The project will be of real utility to those in the central part of the state once the proposal of the Shipping Ministry to connect the Vembanad Lake-Kottayam waterways to National Waterways No-3 materialises. The total logistic cost can be reduced considerably by moving the cargo to Kochi Port through inland waterways from the central part of the state, which is mostly depending on road movement, he said.

16.2. Ports may get Rs 180.000 crore ($36 billion) investment in 12th plan

The Economic Times, Apr. 26, 2012

New Delhi: The government is looking at an investment of over Rs 1,83,000 crore in ports in the 12th Five-Year Plan, most of which will come from the private sector, for a capacity addition of 1,440 million tonnes. According to the shipping ministry, the country's 13 major ports will require about Rs 77,000 crore to raise capacity by 527 million tonnes. The requirement of minor ports is estimated at Rs 1,04,808 crore for a capacity addition of 913 million tonnes. The investment plan, which is double the funds the sector received in the 11th Plan period, is likely to be approved by the Planning Commission in a few weeks, an official told ET. Of the envisaged investment in major ports, Rs 15,000 crore is likely to be generated through internal resources, Rs 6,294 crore through extra budgetary resources and Rs 4,338 crore through government funding.
The private sector is expected to pump inRs 51,000 crore. The capacity of Indian ports at the end of fiscal 2011-12 stood at 1,247 million tonnes, which is likely to go up to 2,686 million tonnes by 2017, the end of current Five-year Plan period. Experts say that if policy and clearance issues do not play spoilsport, as was the case in the first three years of the 11th Plan, the government will be on track to add 3.2 billion tonnes in capacity by 2020, a target set under its Maritime Agenda 2020.
"The proportion of investment in 10th Plan was only 50% of the target, as compared to 125% capacity addition. Given the delay in implementation of projects, capacity addition and investment is likely to be in the range of 70-80% of the target for next Plan," said Samir Kanabar, partner at Ernst and Young. Essar Ports, one of the biggest private players in the sector, plans to raise capacity by 70 million tonnes over the next two years with an investment of over Rs 4,000 crore.
"Government has to play a major role in materialisation of these planned investments, as its role will be more as a facilitator for formulating investment-friendly policies and in expediting process of clearances and approvals for port development," Essar Ports managing director Rajiv Agarwal said. He said that 80% of the funds required for capacity expansion in both major and minor ports is expected from the private sector.

17. Nissan to make India export hub

The Economic Times, Apr. 26, 2012

New Delhi: Japanese auto major Nissan Motor wants to become the largest car exporter from India, a senior executive said. The second largest carmaker in Japan is also planning to make India the launch pad for its entry level low-cost brand Datsun. Nissan is the fastest growing exporter of cars from India, in a country where South Korean Hyundai Motor and Maruti Suzuki India are now the leading car exporters. Nissan exports have doubled to 1,00,909 cars in the last fiscal driven by strong demand for compact cars from Europe and Latin American markets.

Nissan began to export cars in 2010 from Chennai and currently ships 85% of its production to overseas markets. Its wholly-owned Indian subsidiary, Nissan Motor India (NMIPL), has now started shipping its sedan model Nissan Sunny after the huge success of its 'made in India' Micra hatchback, which is now sold in over 100 countries.

It exports fully-built cars such as Micra from Chennai, its strategic production hub for Africa, Europe and other Western markets. The company has now started exporting completely knocked down kits of its sedan, Sunny, to Egypt. These kits from India would be assembled by the local Nissan subsidiary abroad.

Speaking to ET, NMIPL Managing Director Takayuki Ishida said: "We have ambitious plans for India. Exports from India have been a huge success so far, and we want to increase it with new models, as trans-continental markets post stronger demand for smaller cars. We plan to increase our production to over four lakh cars, most of which would be meant for exports."

Currently, the company produces three lakh units under the Renault-Nissan global alliance joint plant in Chennai. About 85% of the production is meant to be exported to markets in Europe, Asia and Africa. It eventually aims to pip South Korean carmaker Hyundai as the largest exporter from India, which has shipped 2.37 lakh last fiscal.

"We are readying several markets to increase export of cars manufactured in India. We will also expand our product portfolio by launching several new cars. Many of these would be targeting overseas market and India could be the sole production centre in Asia," Ishida said.

Analysts say that many car companies in India have great potential to tap overseas markets. "India enjoys tremendous advantages of cost competitiveness due to cheaper labour. The added advantage of huge volumes enjoyed by Hyundai and Maruti Suzuki allow them to export more and take competitive advantage in overseas market. Likewise, Nissan also has a huge product portfolio and eventually would become a major player in exports market," said a Mumbai-based auto analyst with a brokerage firm.

Nissan is currently developing a small car of Rs 2-4 lakh to take on models such as Maruti Suzuki Alto and Hyundai Eon. Its manufacturing plant at Oragadam in Chennai would make Datsun cars for local and export markets, even as the company is considering a new factory to manufacture the new low-cost brand.

Datsun, expected to be a high-volume product targeting emerging economies, is expected to roll out by mid-2014. "We are developing the car keeping in mind the needs of emerging markets such as India, Brazil and Russia. The production base here is expected to meet the overseas demand for Nissan cars," Ishida added.

18. India accounts for half of global IT-BPO outsourcing

The Economic Times, Apr. 30, 2012

New Delhi: India is the global leader in the outsourcing industry with half of the world's back office being located here. Indian outsourcing revenue at $59 billion for 2011, accounts for 51% of the global offshore market share, says a report from Tholons Research, a Bangalore based advisory firm. The report further notes that over the past decade, developing economies such as India and the Philippines have propelled themselves to become leaders in the global outsourcing industry - making them the top two countries in terms of global offshore revenue share and employment. The total direct employment by Indian IT-BPO sector (as of 2011) was 1.98 million and indirect employment was 7.5 million.

Similarly for Philippines, where total outsourcing revenue was $11 billion in 2011, direct IT-BPO employment was 640,000 and indirect at 1.3 million. Philippines has gained a lot in recent years as lot of voice work (call center type of work) has shifted from India to Philippines.

The trend to outsource is likely to accelerate as companies seek third party firms in offshore locations to cut costs and improve performance in global large and small firms. The figures from India's National Association of Software and Services Companies (NASSCOM) show worldwide IT and BPO spending in 2011 reached about $574 billion and $158 billion, respectively. From a total of $732 billion only about 15% (or $110 billion) is currently outsourced by global firms to destinations like India, Philippines, China and Malaysia leaving lot of headroom for growth.

Given this potential, several developing economies - particularly in South East Asia as well as Latin America and Africa - have shown interest in actively pursuing the industry given the significant potential of its addressable market. For instance the Malaysian government and its IT-BPO association-Outsource to Malaysia-have actively reinvented the country's marketing strategy to attract IT-BPO companies in the country when it established the Multi-media Super Corridor (MSC). Under this companies get a tax incentive for a period of 10 years, special telecom and electricity tariffs, R&D grants and so on. Time for India to scale up the game.

19. Bhatinda refinery capacity can be doubled: Mittal

The Hindu Business Line, Apr. 30, 2012

Bhatinda: Mr L.N. Mittal, Chairman and CEO, ArcelorMittal, said that the capacity of Bhatinda refinery could be raised to 18 million tonne per annum (mtpa) in future. The 9 mtpa Guru Gobind Singh Refinery at Phulkori, Bhatinda, has been built by Hindustan Petroleum Corporation-Mittal Energy joint venture, HPCL-Mittal Energy Ltd. The $4-billion refinery was dedicated to the nation on Saturday by the Prime Minister, Dr Manmohan Singh.
This established Mr L.N. Mittal as one of the players in the country's refining segment. With the full commissioning of the refinery, the country's refining capacity has gone up to 213 mtpa. Bhatinda is the 24th refinery in the country. Speaking at the occasion, Mr Mittal said, this refinery will not only increase energy security but also establish Punjab as a petrochem hub.
He said a decision on initial public offering will be taken by the joint venture board. "It will eventually happen." The Government had approved the joint venture in July 2007, and work on construction of the refinery started in early 2008. It started refining crude oil in August 2011 and recently achieved commissioning of the entire project.
The refinery's first liquid sales happened in December 2011 with dispatch of kerosene and the first solid sales in February 2012 with sale of petroleum coke. The company has 80 per cent offtake agreement with HPCL. Both the joint venture partners hold 49 per cent each in the company. The rest is held by Indian financial institutions.
HMEL has the capability to cater to Punjab's entire fuel needs and meet the demands of North India. Actual sales will, however, evolve through the sponsor and marketer HPCL. HMEL can also explore the possibility of exports to Pakistan due to its strategic location. Engineers India Ltd was the project management consultant. It was financed by a consortium of Indian banks led by State Bank of India.

20. Abu Dhabi team to visit AP for refinery project

The Hindu Business Line, May 14, 2012

Hyderabad: The International Petroleum Investment Company of Abu Dhabi will depute a technical team of experts for the identification of a suitable location for setting up a refinery in Andhra Pradesh.
During the CII Partnership Summit 2012 held in Hyderabad in January, the BR Shetty Group of Abu Dhabi had entered into a memorandum of understanding

with the Andhra Pradesh Government, for setting up a petroleum refinery at an investment of $6 billion (about Rs 30,000 crore).
Dr J. Geetha Reddy, AP Minister of Industries, along with Mr T.S. Appa Rao, Principal Secretary Industries, and Mr Karikal Valaven, Commissioner of Industries, met Mr Khadem A. Al Qubaisi, Managing Director of International Petroleum Investment Company, owned by the Abu Dhabi Government, and Dr B.R. Shetty, recently, as a follow up.
According to a Government statement Mr Al Qubaisi has expressed keen interest in establishing a petroleum refinery in Petroleum, Chemical and Petrochemical Industrial Region (PCPIR) of Andhra Pradesh coming up in the Kakinada-Vizag corridor.

India and the World full stories

21. Corporate America writes to Obama about 'vacuum' in India

PTI | Apr. 19, 2012

WASHINGTON: Reflecting its disenchantment over the investment climate in India, corporate America has told the White House there is a "vacuum" at the Centre and political power is devolving to strong state leaders. The US India Business Council (USIBC), the apex body of American corporates doing business in India, in a secret memorandum sent to the White House, however noted that there is a silver lining reflected in the recently held assembly election, which shows that Indian people are hungry for progress.

"What is apparent is that political power is devolving to strong state leaders, and the vacuum at the Centre is allowing forces in government to move on issues that are harmful to India's investment climate," the USIBC Chairman Harold 'Terry' McGraw III, said in a letter to Mike Froman, deputy national security adviser to the US President, Barack Obama.

"The Compulsory License case, the Procurement bills, the effort to expand the Essential List of Medicines are all examples where there is little political benefit, which indicates that the bureaucracy has a hand in moving these initiatives," he wrote soon after his return from India where he recently led the Council's executive mission.

A copy of the letter dated March 26 has been obtained by the PTI, whose existence has been confirmed by multiple sources. Conceding that the US corporate sector is disappointed, an Indian diplomat said that it has been quite some time now that they have been conveying to New Delhi the sentiments of the private sector here, which played a key role to ensure the passage of the India-US civil nuclear deal, despite heavy odds..

22. Indonesia looks to Indian investments beyond natural resources

The Hindu Business Line, Apr. 23, 2012

Chennai: Indonesia is keen on attracting Indian investments in manufacturing and value added processing than just in exploitation of its natural resources, according to Mr Andi M. Ghalib, the Indonesian Ambassador to India. The trade between the two countries had reached about $20 billion in 2011-12 against about $13 billion two years earlier. This growth has encouraged Indonesia to hike the targeted growth in bilateral trade to $45 billion against $25 billion previously. The target had been revised last month, he said.

The Indonesian national carrier, Garuda, is set to launch direct flights to India from June. The Indonesian embassy here has suggested that the carrier link the four major metropolitan cities – Delhi, Kolkata, Mumbai and Chennai. Indonesia's exports to India was $11 billion primarily based on natural resources such as coal, crude palm oil, wood, rubber, gold and copper.

Value addition

Indonesia had hiked the levy on coal mined by foreign companies there to benchmark Indonesian coal price to international market prices and to promote investments in value addition and manufacturing sector, he said.

According to Mr Leonard F. Hutabarat, Counsellor, Embassy of Indonesia, when companies invest in value addition the levy is lower. For instance, taxes for a company sourcing crude palm oil will be halved if it sets up a refinery in Indonesia. The same applies to other resources like coal. This follows demands by local governments in Indonesia that saw no economic benefit in foreign companies exploiting their natural resources. Investments in factories in Indonesia will generate jobs and support the local economy, he said.

Trade delegation

Next month the Embassy has organised a 40-50 member trade delegation of potential Indian investors to Indonesia to showcase the business opportunities there. Representatives from agriculture, plantation, textiles, telecom, education and IT sectors were on the delegation, he said. India and Indonesia, the second and third largest economies in Asia after China, have signed 33 agreements to promote trade.

They are also partners through the free trade agreement signed by the Association of South East Asian Nations. This is the ideal time to promote investments between the two countries, the Ambassador said.

23. West Bengal government joins hand with UK to develop fiscal instruments for climate change

The Economic Times, Apr. 19, 2012

Kolkata: British Deputy High Commission-Kolkata and CII along with West Bengal Industrial Development Corporation (WBIDC) are working with technical partners CII-Sohrabji Godrej Green Business Centre, Eunomia Research and Consulting, UK and Jadavpur University on a first-of-its-kind project in India titled "Fiscal Instruments for Climate - Friendly Industrial Development in West Bengal and Odisha." This project is being funded by UK FCO's Prosperity Fund India programme, to help develop low carbon industrial policies of the states. The project objective is to help West Bengal and other states adopt appropriate fiscal instruments by 2013 to mobilize low carbon investment and facilitate low carbon industrial development.

In this regard, CII together with British Deputy High Commission, Kolkata, will be organising a session on UK-India partnership: Fiscal Instruments for Low Carbon Business to launch the project reports on national and international review of lessons learnt from fiscal instruments for low carbon industrial development. Mr Gregory Barker minister of department of energy and climate change, UK, Mr Partha Chatterjee, West Bengal commerce and industry minister and Dr Sudarsan Ghosh Dastidar, the state environment minister will hold a discussion on this issue.

24. Karnataka exploring high-speed rail connectivity with Japanese help

The Hindu Business Line, Apr. 27, 2012

Bangalore: Karnataka is exploring high speed rail connectivity between Bangalore — Belgaum, and Gulbarga. Addressing a press conference to announce the Global Investors Meet (GIM) to be held during June 7-8 in Bangalore, Mr Murgesh R. Nirani, Karnataka's Minister for Large and Medium Industries, said: “During our investment road show in Japan, we invited the Japanese to invest, especially in high speed rail connectivity, and welcomed Japanese expertise in consultancy and execution of rail and road projects.”

“The high speed rail projects on public-private partnership (PPP) mode is being explored to connect Bangalore – Belgaum along the existing National Highway 4 there by linking Tumkur, Chitradurga, Davanagere, Hubli-Dharwad and Belgaum and another rail project linking Bangalore and Gulbarga,” he added.

Delegation

During the road show, the delegation met Dr Diazo Nozawa, who is associated with the first Bullet Train in Japan (since 1964) and Japan International Consultants for Transportation which provides technical consultancy for projects.

“There is a possibility of high speed connectivity between Bangalore-Belgaum, Bangalore-Gulbarga in future and this would reduce the travel time to the state capital significantly from these Tier II cities,” Mr Nirani said.

Tunnel

For better connectivity to Mangalore port from Bangalore, Hassan and Mysore, Japan International Consultants has been approached to construct a tunnel from Sakleshpur to Mangalore to avoid going up the Western Ghats. Mr Nirani said the tunnel can reduce the travel time sharply and cut down the distance by 30 kilometres.

Japanese city

During the road show in Japan, the Karnataka delegation met Jetro officials. Mr Nirani said the Government has assured all assistance for setting up Japanese city in and around Bangalore. Since there is huge Japanese investment in Bangalore such as Toyota Motors and now Honda Motors, the Japanese investors have approached the Government for land to develop a dedicated Japanese township.

The State is the third highest in foreign direct investment (FDI) inflow from Japan and already there is a presence of around 182 Japanese companies in Karnataka. Many Japanese companies are looking at Asia as a potential market and Karnataka is the preferred destination.

Mr Nirani said: “We have identified three locations for them and they are to come back to us for firming up the proposal.” The Karnataka government has identified land in Narsapura, Vemgal and near Tumkur. “They have sought 500 to 1,000 acres for setting up residences, schools, hotels and recreation areas,” he added.

Peripheral ring road

Mr Nirani said preliminary talks were held with infrastructure companies to explore construction of a peripheral ring road around Bangalore. A few Japanese companies have already built the Hyderabad Growth Corridor Limited (HGCL) in Hyderabad. We are exploring a similar one for Karnataka, he added.

25.1. US keen on investing in Bengal: Mamata

The Hindu Business Line, May 08, 2012

Kolkata: The West Bengal Chief Minister, Ms Mamata Banerjee, on Monday, said that the US had agreed to partner her Government to bring in new investments in the State. The US was willing to invest in health, education, engineering and technical education, manufacturing and IT sectors of the region, she said. Ms Banerjee, following a meeting with the US Secretary of State, Ms Hillary Clinton, at Writers' Building today, said that West Bengal has been selected as "partner State".

"As partner State, they will invest in West Bengal. There have been very little US investments in the region in the past due to the political situation here," she told reporters at Writers' Buildings.

Joint Committee

A joint committee consisting of the West Bengal Chief Secretary, Mr Samar Ghosh, and the US Ambassador to India, Ms Nancy Powell, has been formed. The committee will co-ordinate matters and look into issues of investments in the region.

Meeting

Earlier around 11 a.m., Ms Clinton arrived with a large US delegation for the meeting. The meeting took place at the conference room of the State Secretariat (Writers') from 11:05 a.m. to 11:57 a.m. – nearly 12 minutes longer than the scheduled time. A one-on-one meeting between the two also took place.

Other dignitaries present with Ms Clinton were the US Ambassador, Ms Nancy Powell, the US Assistant Secretary, Mr Robert Blake, and the US Consul General, Mr Dean Thompson. The Bengal Finance Minister, Mr Amit Mitra, the Chief Secretary, Mr Samar Ghosh, the Home Secretary, Mr Basudev Banerjee, and Secretary to the Chief Minister, Mr Gautam Sanyal, were present during the meeting.

According to the Chief Minister, cooperation has been sought to hold a world youth festival to commemorate Swami Vivekananda's Chicago address. "She told me that she will speak to the Mayor of Chicago and let me know," Ms Banerjee said. An invitation, Ms Banerjee said, has been extended to the US President, Mr Barack Obama, to visit Kolkata.

The Chief Minister presented Ms Clinton a scarf from Santiniketan, an English translation of Tagore's Gitanjali, a copy of Gitabitan, the collected work of Swami Vivekananda and a book on Sri Ramakrishna brought from the Belur Math. She was gifted a memento with Tagore's picture embossed on it.

Film ties

Ms Banerjee, sought a joint endeavour from the US to work together for the development of Bengal's entertainment industry. She emphasised on developing the entertainment industry in the region to create synergies between Tollywood, Bollywood and Hollywood. Following her meeting with Ms Clinton, Ms Banerjee said: "I told her that if we create a synergy between Bollywood, Tollywood and Hollywood then our people (artistes) can go there and their people can come here. She liked my suggestion."

25.2. American Business Corner opened in Vizagapatam Chamber

The Hindu Business Line, May 08, 2012

Visakhapatnam: The Visakhapatnam-Kakinada region, one of the fastest growing in the country, offers immense scope for American companies to make investments and also to partner with Indian companies for mutual benefit, according to Ms Katherine Dhanani, US Consul General at Hyderabad. She was speaking in the Vizagapatam Chamber of Commerce and Industry after the inauguration of American Business Corner here on Monday, the first in the State. She said companies of both the countries could gain immensely by sharing resources and expertise. The American Business Corner would facilitate such mutual co-operation between the US companies and the Indian ones. "There has been incredible growth in cities such as Visakhapatnam in recent times and the initiative will further trigger growth," she added.

Mr G. Srinivasa Rao, State Minister for Ports and Infrastructure, spoke about the many projects coming up in the Visakhapatnam-Kakinada region and the

possibility of Indo-US co-operation in many areas.
Ms Katherine Dhanani and Mr Srinivasa Rao exchanged documents of a memorandum of understanding signed by the chamber and the US Consulate.
Mr James Golsen, Principal Commercial Officer, US commercial service, said the purpose of opening American Business Centres in tier-two cities such as Visakhapatnam was to enable American companies to invest in the areas and also to throw open the US markets to the Indian companies in such cities.
"We have already inaugurated American business centres at Kochi and Coimbatore. This is the first in Andhra Pradesh," he said.
Mr A. Sreerama Murthy, Vice-President of the chamber, presided over the meeting.

IdEA stands for 'Instituto de Estudos Asiáticos' or Institute of Asian Studies, a Department of AESE-Business School, Lisbon, Portugal, dedicated to this important and high growth world region.
Further information on www.aese.pt

AAPI – Associação de Amizade Portugal Índia or Friendship Association Portugal India encourages friendly relations between Portugal and India, favouring the strengthening of cultural and economic cooperation.
Further information on www.AAPUI.org

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