

PM's EAC projects 6.5 per cent GDP growth



THE Indian economy is expected to expand by 6.5 per cent in the current fiscal ending March 31, 2010, according to projections by the Prime Minister's Economic Advisory Council (EAC). According to the 'Economic Outlook 2009-10', presented to Prime Minister, Dr Manmohan Singh by the EAC, industry (including construction) is expected to expand by 8.2 per cent in the current fiscal.

The services sector is also projected to grow at 8.2 per cent. EAC chairman C. Rangarajan points out that agriculture is expected to decline by 2.0 per cent, following a 22.7 per cent deficiency in the south-west monsoon. During 2008-09, India's gross domestic product (GDP) grew by 6.7 per cent, among the highest growth rates in the world.

The EAC projects capital inflow of US\$ 57.3 billion in the current fiscal, as compared to US\$ 9.1 billion in the previous financial year. Exports have been projected at US\$ 188.9 billion and imports at US\$ 306 billion. The projected merchandise trade deficit has been projected at 9.4 per cent of the GDP.

But the Council notes there has been a revival in service exports and remittances and has projected net inflow of these 'invisibles' at US\$ 92.2 billion. Net accretion of reserves is expected to be US\$ 31.6 billion, as against US\$ 20.1 billion in the previous fiscal. The investment rate has been projected at 36.5 per cent and projected savings at 34.5 per cent. But the consolidated fiscal deficit is expected to touch 10.09 per cent as compared to 8.6 per cent in 2008-09.

FDI tops US\$ 100 billion from April 2000 to July 2009

A RECORD US\$ 100 billion worth of foreign direct investment (FDI) has flown into India from April 2000 till July 2009, according to the Department of Industrial Policy and Promotion (DIPP), Union Ministry of Commerce and Industry.

While the country attracted a mere US\$ 4 billion in FDI in 2000-01, the figure shot up to US\$ 27.3 billion in 2008-09.

In the current financial year, India has attracted total FDI of US\$ 16.2 billion (April to August). In fiscal 2008-09, India attracted total FDI of US\$ 35.2 billion; net pure FDI (excluding reinvested earnings and inter-company debt) added up to US\$ 27.3 billion.

August FDI inflows were up by 40.4 per cent to US\$ 3.27 billion, as against US\$ 2.3 billion in August 2008.

Portfolio investments also surged by 56 per cent to US\$ 926 million in August this year, as against US\$ 593 million in the corresponding month in 2008. During the first five months of the current fiscal, portfolio investments soared to US\$ 11.23 billion, as against US\$ 4 billion in the same period in 2008.



Six Indian cities feature among global top-8 outsourcing destinations

WITH six Indian cities figuring among the top eight global destinations for outsourcing, the country has retained its top position as the world's leading outsourcing nation in the 'Global Services – Tholons Top 50 emerging outsourcing destinations' survey, jointly conducted by Global Services, part of CyberMedia and Tholons, an investment advisory firm.

Bengaluru, Delhi NCR, Mumbai, Chennai, Hyderabad and Pune are the favourite offshore destinations for global outsourcers, according to the fourth Top 50 emerging outsourcing destinations survey. The other two destinations among the top eight include Manila NCR in the Philippines and Dublin in Ireland.

With revenues of US\$ 40 billion from export of IT-BPO services in 2008, India topped the list of exporters. Next came the Philippines (with revenues of US\$ 6 billion), followed by Ireland, China and Brazil.

Other Indian cities to have made it to the 60 top outsourcing destinations include Chandigarh, Kolkata, Coimbatore, Jaipur, Bhubaneswar and Thiruvananthapuram.

"For a chief information officer today, finding a centre of excellence is more than just lower cost," says Avinash Vashistha, ceo, Tholons. "He must consider location, risk mitigation for business, cultural affinity and scalability of the skilled workforce."

He points out that service providers need to think through their offerings so as to differentiate, as the competitive advantage is rapidly vanishing due to cut throat competition and market saturation.



Infosys co-founder sets up venture capital fund



INFOSYS Technologies co-founder and chairman, N R Narayana Murthy, has set up a venture capital fund for incubating Indian start-ups, after selling 800,000 shares of the company for US\$ 37 million.

Catamaran Investments Pvt Ltd, the new venture capital fund, will support early-stage companies in India. "I am willing to raise more money through the same route at an appropriate time," says Murthy. The new firm will operate with a four-member team out of Bengaluru.

According to Murthy, the fund will not focus on any one sector, but invest in early-stage companies, a majority of it in India. "I believe if you limit yourself to one field in India, the number of opportunities become limited," explains Murthy. "I want to be a catalyst for entrepreneurship. The best way to do this is through starting a VC fund," he adds.

Another co-founder of Infosys, N S Raghavan, had established a VC fund, Nadathur Holdings and Investments, nearly a decade ago. Raghavan now heads the eponymous Centre for Entrepreneurial Learning at the Indian Institute of Management, Bengaluru.

Briefs

Pace India sets up lab at Bengaluru college

PACE India, a key global engineering centre of Pace plc, UK, has set up a state-of-the-art Pace Embedded Systems Lab at R V College of Engineering in Bengaluru. The lab will be used by students to gain understanding of Digital Television and experience cutting-edge technology first-hand. They will also get a chance to interact with the technical community at Pace and learn from their vast experience.

Areva wins Power Grid contract

AREVA, a leader in the nuclear power industry, won a US\$ 32 million order from the Power Grid Corporation of India Ltd, for a 765 kV extra-high voltage substation in Delhi. Areva deployed India's first 765 kV substation for the National Thermal Power Corporation, which has been in operation since January 2007. The company has won seven of 15, 765 kV substation projects so far awarded in India.

Indian, Scottish varsity bodies sign pact

THE Association of Indian Universities has signed an agreement with Universities Scotland to promote cooperation between higher education institutions in the two countries. "Indian and Scottish institutions have valuable knowledge and expertise, so both countries stand to benefit from the collaboration that will result from this agreement," says Michael Russell, Minister for Culture, External Affairs and the Constitution, Scottish Government.

Three Indian research teams bag Gates Foundation grants

THREE teams from India were among the 76 public health researchers from around the world to have been awarded grants of US\$ 100,000 each by the Bill and Melinda Gates Foundation in the third round of its Grand Challenges in Global Health initiative. The initiative envisages giving grants amounting to US\$ 100 million to 100 researchers from 22 countries including India.

According to Tachi Yamada, president of the foundation's global health programme, the initiative will hopefully produce a breakthrough idea that could save millions of lives. The initiative aims to fund innovative research that will tackle public health problems in the developing world.

The three teams from India include two separate ones from Delhi-based International Centre for Genetic Engineering and Biotechnology (ICGEB) and a team from the Vivekananda International Health Centre, Kolkata. One team from ICGEB is busy developing a blood-stage malaria vaccine, while the other aims to create an 'electronic nose' to diagnose tuberculosis. The Kolkata team plans to deploy the funds to use ultrasound measurements to determine the nature of malarial infection among patients.

In the past, the foundation has extended grants to other Indian researchers, including Nikita Malavia, a professor at the Massachusetts Institute of Technology, and Karthikeyan Kandavelou, project leader at Pondicherry Biotech Pvt Ltd.



Andhra Pradesh plans new IT policy

THE Andhra Pradesh government plans to unveil a new plan for the information technology industry in the state, with the focus on developing facilities in other cities such as Tirupati, Visakhapatnam and Warangal. The government aims to provide facilities for 300 small and medium enterprises in these cities.

K. Venkat Reddy, the state's IT minister, says that a special purpose vehicle will be floated by the end of this year on a private-public participation (PPP) basis to set up IT parks across the state. The government will also establish information technology investment regions (ITIRs) in and around the state capital, Hyderabad.

Andhra Pradesh's IT exports are expected to touch US\$ 7.75 billion in the current fiscal, says the minister.



GM signs up with Reva for 'green' Spark

AMERICAN automobiles major General Motors, which plans to launch electric vehicles in India next year, expects to sell about 4,000 units initially annually. GM has signed an agreement with Reva Electric Car Company, Bengaluru, to develop an electric version of its Chevrolet Spark for the domestic market.

"We expect five per cent of the total mini-car market in India to be accounted for by electric vehicles in about five years," says Ankush Arora, vice-president, sales and marketing, GM India. "We think the Indian market is ready to experiment with an affordable mini-electric vehicle," he adds.

GM expects to sell about 40,000 units of Spark in India this year. The American carmaker sells a plug-in version of its Chevrolet Volt in the US. Arora says GM would incorporate technologies from its four global technical centres in the new green version of the Spark. One such centre is based in Bengaluru.

Reva, the only manufacturer of battery-operated cars in India, plans to invest US\$ 6.5 million in a second plant in Bengaluru to cater to both the domestic and international markets. The plant will ultimately be able to produce 30,000 units a year. Reva, which raised US\$ 20 million from Silicon Valley-based investor Draper Fisher Jurvetson and the Global Environment Fund, has exported about 1,500 electric cars to 24 countries around the globe.

The firm, a joint venture between India's Maini Group and AEV LLC of California, recently signed a memorandum of understanding with the state of New York for the setting up of a new manufacturing facility for 20,000 electric cars annually in Syracuse in New York. The US-built cars are expected to be sold at between US\$ 15,000 and US\$ 25,000.

Clenergen to set up clean energy power projects in India

CLENERGEN India Pvt Ltd, a Chennai-based, wholly-owned subsidiary of Clenergen Corporation (CRGE), a pioneer in clean energy generation, has announced plans for setting up gasification technology-based power plants. It is in the process of setting up a 16MW power project in Tamil Nadu and a 64MW power plant in Karnataka in the first phase. Both these projects are based on the pyrolysis gasification technology and will operate on feedstock harvested from plantations set up by Clenergen for cultivation of specially-developed species of grass and trees.

Power is generated from the use of proven gasification technology, which disintegrates the biomass and releases 'syngas,' which provides the source of power for gas turbine generators, or can be burned to erase all tar and release steam as a source of power for steam turbine generators. Its high levels of efficiency and energy conversion creates a consistent source of electricity without generating any carbon emissions. As a result, the fossil fuel displacement value of the energy produced generates a carbon emission credit.

The total project cost is US\$ 236.47 million, out of which US\$ 82.76 million is required as equity for the project. Clenergen, after providing for contributions from the parent company and private placement of shares, is proposing to raise US\$ 65 million through a floatation on the Indian markets. The long term debt component is US\$ 153.70 million and Ernst and Young Pvt Ltd has been mandated to raise the debt for the projects.

Briefs

Tata Steel, MMTC in joint venture

PRIVATE sector steel major Tata Steel Ltd and public sector metals giant MMTC Ltd will set up a joint venture to acquire, develop and operate mines and process minerals and metals. Tata Steel will have a 74 per cent stake in the joint venture and MMTC the rest.

"Steel production in India is projected to grow to over 120 million tonnes by the year 2015," says a statement by the two firms. "To cater to the increasing raw materials requirement of steel and other mineral-based industries, MMTC and Tata Steel have agreed to cooperate with each other and are executing this agreement for setting up a JV," it added.

Pacific Ventures bags US outsourcing deal

Pacific Ventures, a leading healthcare outsourcing company, has secured an agreement to be the exclusive provider of medical coding, billing and transcription services to a large chain of ambulatory surgical centres in the US. "We are thrilled to add this chain of surgical centres to our client's list," says Vivek Gaur, ceo, Pacific Ventures. "In last eight years, Pacific Ventures has seen tremendous growth in healthcare Revenue Cycle Management business."

Cognizant acquires UBS India Service Centre

Cognizant, a NASDAQ-listed, provider of consulting, technology and BPO services, entered into a definitive agreement to acquire UBS India Service Centre, the Hyderabad-based captive service provider to the UBS Group, Zurich. Cognizant will provide a range of BPO, KPO, IT and remote infrastructure management services to the Swiss group.