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HIGHLIGHTS



Government plans to set up export fund to boost Indian exports
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High Commissioner's Official Visit to Victoria

Victoria, 28 March 2013



Signing MoU with the Melbourne University: The High Commissioner, on behalf of the ICCR, signed the MoU for establishment of the chair of Indian Studies in Melbourne University as was announced during the visit of Prime Minister Julia Gillard to India. The acting Deputy Vice Chancellor (Engagement), Prof. Simon Evans, signed the MoU on behalf of Melbourne University.

High Commissioner of India, His Excellency Shri Biren Nanda made his official visit to Victoria from 25 to 28 March 2013. During the visit, the High Commissioner had several high level interactions, which included meetings with Dr Denis Napthine, Premier of Victoria, Hon'ble Alex Chernov AC QC, Governor of Victoria and Honourable Robert Doyle, the Lord Mayor of Melbourne

AIBC Victoria chapter had organised a luncheon meeting with the business community in Melbourne. The High Commissioner delivered a speech highlighting the current state of Indian economy and its prospects for future. He also answered the queries that rose about the public private partnership model in India.

The Federation of Indian Associations of Victoria (FIAV) organised a reception for the High Commissioner. The leaders of various associations introduced themselves and apprised the HC of the work, which they are doing. Members of the ethnic media were also present. HC, in his speech, informed the gathering about the status of Australia-India relations.

ALFRED DEAKIN MEMORIAL LECTURE

The High Commissioner delivered the first Alfred Deakin Memorial Lecture at the Australia India Institute. Among other prominent invitees was the Governor of Victoria Mr Alex Chernov, AC, QC.



Singing of MoU with Monash University: The High Commissioner, on behalf of the ICCR, signed the MoU for establishment of the chair of Indian Studies in Monash University as was announced during the visit of Prime Minister Julia Gillard to India. The Vice Chancellor, Prof. Ed Byrne, signed the MoU on behalf of Monash University.

TALK AT THE ASIA SOCIETY

HC also delivered a lecture at the Asia Society giving an account of India's foreign policy, as it responds to the changes in the domestic and international environment. He also delved upon the current state of Indian economy and its future prospects. At the end, there were questions related to the Indian economy. In particular, there were questions regarding the Public Private Partnership ventures in India. HC gave examples of some successful PPP models in India, including that of the Delhi international airport.

Favourable demographics make India an attractive destination for M&A activities: E&Y

IBEF, New Delhi, 18 March 2013

Favourable demographics and growth opportunities are the factors that make India an "attractive" destination for merger and acquisition (M&A) activities across diverse sectors including consumer goods and pharmaceuticals, according to Ernst & Young (E&Y), a global consultancy.

"Catering to a growing, expanding and spending population is what every organisation wants to do. So, there is a lot of interest from outside India to come inbound," said Ms Phillipa McCrostie, Global Vice Chair (Transaction Advisory Services), E&Y.

"I don't think India's growth is based on one factor or bubble that has evaporated and gone away. It is exciting time in India for M&A growth," Ms McCrostie added. India's wonderful population and demographics are attracting a huge amount of interest around industries such as consumer goods, pharmaceuticals and life sciences, among others. She expects India to continue to be an attractive M&A destination in a sustainable way going forward

as there is widespread interest from the US, Europe and others. She noted that the country is becoming all the more attractive destination with reforms coming through.

"India has to be one of the most attractive investment destinations. Look historically, what India has achieved... If you compare other countries, many don't have the population, stability that India has been trying to produce in the last ten years," she added. McCrostie said that investor pressure is also steadily growing over the time on companies' growth strategies. "It is translating into what we see as green shoots for some more M&A activities. So to be clear, no boom activity, no bubble activity... But a slow, steady increase in M&A activities is one of the means of achieving growth," she said. The "green shoots" for M&A also depends on sectors as well as geographies, she added. Going by E&Y, India is poised to be among the top five M&A destinations this year. In 2012, BRIC (Brazil, Russia, India and China) nations together accounted for about 15 per cent of global M&A market by value.

Govt clarifies provision for corporate investments in tax-free bonds

Business Standard, Mumbai, 15 Mar 2013



The government has clarified that tax-free bonds are eligible investments for companies in a bid to boost corporate participation in such instruments.

The government's move comes after ambiguity over interpretation of a provision in the Companies Act relating to inter-corporate deposits affected investments by corporate bodies in tax-free bond issuances. "It's hereby clarified that in cases where the effective yield on tax-free bonds is greater than the yield on prevailing bank rate, there is no violation of the Section 372A(3) of Companies Act, 1956," the Ministry of Corporate Affairs said in a circular.

The Section 372A(3) of the Companies Act says: "No loan to any corporate body shall be made at a rate of interest lower than the prevailing bank rate, being the standard rate made public under section 49 of the Reserve Bank of India Act, 1934." Currently, the bank rate is at 8.75 per cent, while the coupon rate offered by such instruments are in the range between 6.85 per cent and 7.2 per cent. As a result, most companies were staying away from investing in such instruments for fear of breaching the Company Act provision.

The bank rate was untouched at six per cent since 2003. Last month, RBI as a "one-time technical adjustment" decided to align the bank rate with the so-called marginal standing facility (MSF), from where banks can borrow overnight, effective February 13. As a result, the bank rate shot up from six per cent to 9.5 per cent. Currently, both MSF and the bank rate are at 8.75 per cent.

The six tax-free bond issues currently in the market are finding it challenging to garner subscription. The corporate affairs ministry in a statement attributed the tepid response to restriction under Section 372A(3). Next year, the government has allowed fund-raising to the tune of Rs 50,000 crore through tax-free bond issuances. Lack of clarity would have impacted investments of up to Rs 5,000 crore, as up to 10 per cent of bond public issues are reserved for corporate subscribers.

In addition, some issuers had planned to raise funds through private placement for big-ticket corporate and institutional investors. "This clarification puts to rest the ambiguity on eligibility of investments by corporate bodies in tax-free bonds currently on offer," said the ministry in a statement.



India's first viability-gap funded transmission project inaugurated

The Hindu Business Line, Chennai, 05 Mar 2013

India's first viability-gap funded, 99-km power transmission line project, in Haryana, was inaugurated. The 400 KV double circuit Jharli-Kabulpur-Rohtak line was built by a joint venture of Kalpataru Power Transmission and Techno Electric and Engineering Company. The Rs 444-crore public-private-partnership project with the Haryana Government has received Rs 92 crore of viability gap funding from Government of India. The joint venture partners brought in Rs 76 crore of equity (51 per cent with Kalpataru) and raised debt of Rs 276 crore.

"The project will ensure a sustainable income flow of Rs 4.5 crore to the company as a unitary charge payable per month," says a press release from Techno Electric.

Luxury market to reach \$15 bn by 2015 in India, marketers try new ways to woo buyers in non-metros

The Economic Times, New Delhi, 21 March 2013

If you were to name the country's most fashionable cities, Indore is unlikely to make the list. But luxury handbag brand Judith Leiber, which sells just about 300 of its pricey bags in the whole of India in a year, recently sold 30 pieces priced anywhere from Rs 25,000 to over Rs 3 lakh in this central Indian city through a special sale event held in partnership with an existing client.

"It was a unique experience for the people of Indore, which worked well for the brand," says Harshvardhan Bhatia, founder of HI Diamonds, who partnered the trunk show. Buoyed, the American brand will return to the city next month with a similar event with the same partner.

Judith Leiber is part of a growing club of luxury goods and service providers that finds innovative ways to reach small towns and cities where there is no luxury infrastructure but people have as much money and taste for luxury as those in the metros.

If Judith Leiber uses local influence groups to cosy up to buyers in the hinterland, BMW dealer Bird Automotive interacts with school and college students to popularise the German luxury car brand in cities such as Agra, Meerut, Karnal and Faridabad, where demand for luxury cars is on the rise. "We organise brand connect programmes for students with an aim to motivate them to become a customer at a later stage. It is a long-term approach," says Gaurav Bhatia, director at Bird Automotive.

Bird Automotive sells BMW luxury cars in Delhi and the NCR region. "Educating the consumer is the key to success in these (hinterland) markets," he says, adding that his firm sells up to 70 cars in a year in smaller cities around the Capital. India's luxury market is expected to reach \$14.73 billion by 2015 from an estimated \$8.21 billion this year, with about 30% of the customers coming from smaller cities.

According to a recent survey by YES Bank, new pockets of regional growth have led to a rise in the number of first-time luxury consumers from smaller cities and towns. This made 36% of the 300 responding CEOs of luxury brands see themselves increasingly using social media platforms as a brand connect and 38% saying they were trying to reach out to these markets through e-commerce.



So the potential is big. And so is the challenge of wooing these new luxury lovers.

Abraham Koshy, professor of marketing at IIM-Ahmedabad, says small-town consumers need to be treated differently. "There is no point explaining what it means to buy a Louis Vuitton bag to a well-heeled shopper in Delhi or Mumbai. But in smaller locations, it is important to stimulate demand by informing a consumer about the badge value of an expensive brand and how it adds to the image," he says. To communicate well, brands need to talk consumers' language.

Rajeev Wadhwa, chairman of Mumbai-based luxury charter services provider Baron Aviation, says that recently a client had called in at two in the night with a demand to fly out to London in a private charter the next morning. "We knew it was not possible and it took one hour for the relationship manager to finally make him understand how numerous permissions were required to be taken," he says.

Eco Rent a Car, Estee Lauder join hands for Limousine launch in India

The Economic Times, Kolkata, 19 Mar 2013



India's premium car rental company Eco Rent a Car has launched two co-branded stretched limousines in Delhi and Mumbai respectively with leading American personal care and glamour brand Estee Lauder.

Eco Rent a Car director Rajesh Loomba feels that the premium car user segment is recession proof and is confident that the top end of the Indian retail

market will spend on such experiential travel products as travelling in a Limousine. With the wedding season just around the corner, Eco's alliance with Estee Lauder is significant. Chrysler Limousine and Estee Lauder is trying to find common consumers in the wedding segment. It has become an essential ingredient to add glamour and class to the wedding, making it a perfect

choice for the bride and groom.

"Limousine is also a perfect gift to make someone feel special, it can be customised to offer a personalised service and clients can also order fine wine, flowers, cake or balloons, to be included with the Limo. The Limo is slated to replace the conventional doli," Mr Loomba added. The wedding packages start at Rs 51,000 for four hours for a decorated Limousine.

Imported from USA and manufactured by Chrysler Corporation, USA, these limousines shall be parked in prominent locations in Delhi and Mumbai respectively and shall be available on hire

from Rs 30,000 for a four hours nightlife or corporate package and Rs 6000 for each extra hour and 10 kms.

Elaborating further, Mr Loomba said, "We are witnessing unprecedented response to our limousines in Delhi and NCR. The fact that it is an original American made Chrysler Stretch Limousine and not a country made copy-cat limo, has wedding organisers contacting us for bookings months in advance. Delhi's elite socialites and urban youth along with corporate, and hotels are those who have already made bookings with us and we expect this demand to multiply as we approach the festive season."

India Inc invested \$1.65 bn abroad in February: RBI

Business Standard, Mumbai, 12 March 2013

The Reserve Bank of India (RBI) said that Indian companies invested \$1.65 billion abroad in February.

Companies committed the money by the way of equity, loans and issuing guarantees to their wholly-owned subsidiaries (WOS) and joint ventures (JVs) in foreign countries. In outward foreign direct investment, Indian companies had an equity contribution of \$291 million, while they gave loans worth \$258 million. Companies issued guarantees worth \$1.1 billion. Major companies which invested in foreign countries included Escorts Heart Institute, Crompton Greaves and Punj Lloyd. Escorts issued guarantees worth \$400 million to its WOS in Singapore, Fortis Asia Healthcare Pte Limited and also

gave a loan of \$9 million to this company. Crompton Greaves issued a guarantee of \$202 million to its JV in the Netherlands, CG International BV. This JV is engaged in wholesale and retail trade and also in restaurants and the hotels business.

Punj Lloyd gives a guarantee of \$107 million to its WOS Punj Lloyd Pte Limited which was formerly known as Creighton Pte Limited. It also gave a loan of \$1.3 million to this company. This company is engaged in finance, insurance and business services according to RBI data.

In January, 2013, Indian companies had invested \$3.30 billion in other countries. RBI publishes monthly data of Indian companies' investments outside the country.



AirAsia's joint venture with Tata Group airline gets Foreign Investment Promotion Board's green signal

The Times of India, Lucknow, 07 March 2013

Domestic air travellers will soon have the option of flying a Tata Group airline. The Foreign Investment Promotion Board (FIPB) cleared Malaysian low-cost carrier (LCC) AirAsia's proposal to form a budget airline in a JV with the Tatas and Telstra Tradeplace at an initial investment of Rs 80 crore.

After the FIPB meeting, economic affairs secretary Arvind Mayaram said: "They will now have to take the necessary licence from the Directorate General of Civil Aviation (DGCA). They can start operating now once they get the licence."

However, getting the aviation ministry's nod could prove to be a time-consuming process as it requires some changes in the recently liberalized foreign direct investment (FDI) policy. "I welcome the proposed new airline. But, the policy of FDI cleared by the commerce ministry allows foreign airlines to invest in existing Indian carriers. FIPB may have cleared the proposal but it has to meet the existing requirements. Now the commerce ministry will have to change that rule and allow a startup FDI JV," aviation minister Ajit Singh told TOI, while terming it a "procedural issue that will not derail the proposal."

Aviation secretary K N Srivastava, who attended the FIPB meeting, is learnt to have raised this issue and sought clarification from the department of industrial policy and promotion. Aviation ministry officials point out the "procedural issues" in the proposed AirAsia India JV. "As of now no company has been formed in this joint venture. So, under the current FDI rule, we may not be able to clear it till the commerce ministry makes the required changes or tells us it can be cleared in the current form under the existing rules," said a senior official. However, Ajit Singh reiterated that there was no opposition to the proposed new airline and that the ministry has already sought commerce ministry views on this issue.

Tata Group chairman emeritus Ratant Tata tweeted: "FIPB approval of the airline project ... reflects the true investor friendly policies of the government. This and other similar actions will, without doubt, reinforce investor confidence in India. I applaud the government for its transparency and its principled implementation of the stated policy."

Highly placed sources say that the government is unlikely to allow any technical issue to delay the new airline despite stiff opposition



from some influential existing carriers, since the AirAsia-Tata JV is being seen as a test case of India's commitment to attract foreign investors. In the past also, Tata Group's attempts to enter aviation space by tying up with Singapore Airlines were thwarted by a big Indian airline and the government is unlikely to allow a repeat this time. AirAsia chief Tony Fernandes has started making preparations for an early launch of the Indian subsidiary in which the Malaysian LCC, Tata Group and Telstra Tradeplace will have 49%, 30% and 21% stake respectively. Subject to getting the clearance from the aviation ministry, Chennai-based AirAsia India could take off as early as this summer with a fleet of three to four aircraft that would then be ramped up. Fernandes remains hopeful of an early nod and has already chosen an Indian as the JV's CEO and is looking at more recruitment.

"The good always win. People and companies with good intentions to create jobs and make life of the average man better will always win.... Fantastic range of candidates put in front of me by Tata and Sons. In my mind I can't believe the talent in India. Final call is Tata and Sons. Part of JV agreement but I know who my fave is. Hope they agree," Fernandes tweeted.

Once approved, AirAsia India will be the first real action after the government last year allowed foreign airlines to invest in Indian carriers. Captain G R Gopinath of Air Deccan fame is also planning to launch a start-up. Among existing airlines, Jet Airways is in advanced stage of talks with Abu Dhabi-based Etihad for investment. LCC SpiceJet and GoAir are also learnt to be in talks with foreign airlines. India's largest LCC IndiGo is being pursued by a number of foreign suitors but has so far not shown any interest in a stake sale. Grounded Kingfisher is yet to find an investor.



Rice exports set to cross 10 mt this fiscal

The Hindu Business Line, New Delhi, 10 March 2013

Rice exports are set to cross 10 million tonnes in the current financial year on robust demand from West Asia, Africa and South-East Asian countries. Last year, the total rice exports stood at 7.3 million tonnes.

"Till January-end, the total shipments stood at 8.2 mt. We will exceed 10 mt by March 31," said R. Sundaresan, Executive Director, at the All India Rice Exporters Association.

Basmati shipments, which have gained momentum in the past two months on rising demand from Iran, would cross 3.5 mt over the last year's 3.21 mt. Till January-end, the exports stood at 2.8 mt. Iran is

the largest buyer of Indian basmati rice and accounts for close to 30 per cent of the country's shipments.

In value terms, the basmati exports may cross Rs 17,000 crore on better realisations. Last year, the basmati exports stood at Rs 15,450 crore. The average realisations are up by about 20 per cent at around \$1,200 a tonne against last year's \$1,000 a tonne, Sundaresan said.

Besides, the depreciating currency, which has made the Indian rice competitive in the world market, has boosted the rupee-term realisations.

The non-basmati rice shipments are expected to register an increase of 58 per cent at around 6.5 mt against last year's 4.09 mt. This is mainly on account of huge demand from African countries such as Nigeria and Ghana and also from Indonesia. The average realisations for non-basmati rice are around \$400 a tonne.

"The overall growth in shipments is good, but the non-basmati rice continues to fetch a lower price than our competitors. There is a need to create awareness on our quality," said Vijay Setia, Director at Chamanlal Setia Exports Ltd, Amritsar-based exporter.

The growth in rice export volumes is expected to help India retain the top slot as the world's largest exporter. Last year, India had emerged as the world's largest exporter displacing Thailand.

"The consistent production of over 100 mt of rice in the past four years has helped us boost our exports. About 80 per cent of our non-basmati shipments have been to Africa, where we compete heavily with the parboiled variety from Thailand," said S. Venkatesh, Head of International Trade at LT Foods Ltd. India had lifted the four-year ban on exports of non-basmati rice in September 2011.

Gujarat govt to develop India's first International Financial Services Centre

Business Standard, Bangalore, 12 March 2013

Gujarat International Finance Tec-City (GIFT City), a Gujarat government project, is well on its way to develop India's first International Financial Services Centre (IFSC) after Chief Minister Narendra Modi inaugurated the state's tallest tower GIFT One, recently. Various financial institutions have expressed interest in moving into GIFT City because of its infrastructure and cost advantage.

The GIFT tower has been commissioned for the first IFSC. The construction of 29-floor tower with built-up area of 7 lakh square feet started in June 2011 and was completed in a record one and half year's time. Companies who have booked their space in the first tower are expected to begin operations from April 2013 onwards. The second tower which will be commissioned in May will see office operations beginning from July 2013. A total investment of around Rs 1,000 crore has been made in setting up these two towers.

Elaborating on the main goal behind setting up this project, RK Jha, Director-In Charge, Gujarat International Finance Tec-City Company said, "The overall cost for development of world class infrastructure at GIFT City would be around Rs 10,000 crore."

Financial Technologies Knowledge Management Company (FTKMCL) would be investing Rs 50 crore for development of a training centre for financial services in the City. The Institute of Cost Accounts of India will also be investing Rs 50 crore for development of a centre of excellence in the City. Around Rs 20 crore will be invested by Narsee Monjee Education Trust for setting up a school at GIFT City.

The GIFT project's target is to cater to 8-10 per cent of the financial services potential in India and create one million



direct and indirect jobs by developing 90 million square feet of commercial, residential and social facilities with excellent quality of life. It seeks to become a regional or functional headquarters for the BFSI players and a private banking hub for NRIs and regional high networth individuals. GIFT is also targeting to become an international microfinance hub as well as global hub for IT and BPO services for the financial services sector.

Development work in GIFT City is now on fast track as enquiries have started coming in from various banking and financial services institutions to set up their offshore and onshore activities at GIFT. During Vibrant Gujarat Global Summit 2013, GIFT City signed memorandum of understandings (MoUs) with a consortium of leading technology providers for development of information communication & technology (ICT) in GIFT. The development of GIFT City is being done keeping in mind walk to work concept and this means that apart from commercial facilities, the city will also have residential and social infrastructure.

Government plans to set up export fund to boost Indian exports

ET Bureau, New Delhi, 22 March 2013



The government is considering an export development fund to help exporters in their marketing initiatives as a slowdown in the global economy is hurting export volumes. The fund, with a likely corpus of about Rs 5,000 crore to Rs 10,000 crore (\$1.5billion), will fund exporters participation in trade fairs and road shows.

"We are considering setting up an export development fund to facilitate exporters market themselves and not lose out to other countries, China for instance", said a commerce ministry official. Intense competition in the traditional markets requires aggressive marketing skills and often Indian exporters lose out due to lack of funds or financial assistance from the government.

On whether the huge fund size was a good idea at a time the finance ministry was in fiscal consolidation mode, the official said Rs 5000- 10,000 crore (\$1.5billion) was not that big a sum for a \$1.8 trillion economy such as India. Also boosting exports had become a priority on account of the record high current account deficit.

Foreign exchange earnings from tourism increases by nineteen per cent

PIB, New Delhi, 08 March 2013



The growth rate in Foreign Exchange Earnings (FEEs) from tourism in Rupee terms in February 2013 over February 2012 was 19.8%. Foreign Tourist Arrivals (FTAs) also showed a growth of 1.6% in February 2013 over February 2012.

The following are the important highlights regarding FTAs and FEEs from tourism during the month of February 2013.

FOREIGN TOURIST ARRIVALS (FTAS):

- FTAs during the month of February 2013 was 6.88 lakh as compared to FTAs of 6.77 lakh during the month of February 2012 and 6.28 lakh in February 2011.
- There has been a growth of 1.6% in February 2013 over February 2012 as compared to a growth of 7.9% registered in February 2012 over February 2011.
- FTAs during the period January-February 2013 were 13.87 lakh with a growth of 2.1%, as compared to the FTAs of 13.59 lakh with a growth of 8.7 % during January-February 2012 over the corresponding period of 2011.

FOREIGN EXCHANGE EARNINGS (FEEs) FROM TOURISM IN INDIAN RUPEE TERMS AND US\$ TERMS

- FEEs during the month of February 2013 were Rs.10,186 crore as compared to Rs.8,502 crore in February 2012 and Rs.7,653 crore in February 2011.

- The growth rate in FEEs in rupee terms in February 2013 over February 2012 was 19.8% as compared to 11.1% in February 2012 over February 2011.
- FEEs from tourism in rupee terms during January-February 2013 were 20,584 crore with a growth of 20.2%, as compared to the FEEs of `17,125 crore with a growth of 27.5 % during January-February 2012 over the corresponding period of 2011.
- FEEs in US\$ terms during the month of February 2013 were US\$ 1.89 billion as compared to FEEs of US\$ 1.73 billion during the month of February 2012 and US\$ 1.68 billion in February 2011.
- The growth rate in FEEs in US\$ terms in February 2013 over February 2012 was 9.2% as compared to the growth of 3.0% in February 2012 over February 2011.
- FEE from tourism in terms of US\$ during January-February 2013 were US\$ 3.80 billion with a growth of 11.4%, as compared to US\$ 3.41 billion with a growth of 15.5 % during January-February 2012 over the corresponding period of 2011.

Ministry of Tourism compiles monthly estimates of Foreign Tourist Arrivals (FTAs) on the basis of data received from major ports and Foreign Exchange Earnings (FEEs) from tourism on the basis of data received from Reserve Bank of India.



Visa on Arrival Scheme Registers A Growth of 54 Per cent

PIB, New Delhi, 12 March 2013

During the month of February 2013, a total number of 1,947 Visa on Arrival (VoA) were issued as compared to 1,259 VoAs during the month of February 2012, registering a growth of 54.6%.

The following are the other important highlights of VoAs issued during February, 2013 :

- During the period January-February 2013, a total number of 3,637 VoAs were issued as compared to 2,618 VoAs during corresponding period of 2012 registering a positive growth of 38.9%.
- The number of VoAs issued under this scheme during February 2013 for nationals of the eleven countries were Japan (874), New Zealand (286), Indonesia (246), the Philippines (197), Singapore (171), Finland (110), Cambodia (18), Luxembourg (18), Vietnam (17), Myanmar (8) and Laos (2).

- The number of VoAs issued under the Scheme January-February 2013 were Japan (1403), New Zealand (653), Indonesia (427), the Philippines (406), Singapore (357), Finland (277), Cambodia (35), Vietnam (33), Luxembourg (29), Myanmar (14) and Laos (3).
- During the period January-February 2013, the highest number of VoAs were issued at Delhi airport (2123) followed by Mumbai (792), Chennai (513) and Kolkata (209).

As a facilitative measure to attract more foreign tourists to India, the Government launched the "Visa on Arrival" (VoA) Scheme in January 2010 for citizens of five countries, viz. Finland, Japan, Luxembourg, New Zealand and Singapore, visiting India for tourism purposes. The Government extended this Scheme to the citizens of six more countries, namely Cambodia, Indonesia, Vietnam, the Philippines, Laos and Myanmar in January 2011. The following are the important highlights of VoAs issued during February, 2013.

Central Pool has 661.93 Lakh Tonne Foodgrains

PIB, New Delhi, 05 March 2013



The stock position of foodgrains in the Central Pool as on 1 February 2013 was 661.93 lakh tons comprising of 308.09 lakh tons of wheat and 353.84 lakh tons of rice. Government of India makes allocation of foodgrains under Targeted Public Distribution System (TPDS) on the basis of 1993-94 poverty estimates of Planning Commission and March 2000 population estimates of Registrar General of India. Presently all accepted Below Poverty Line (BPL)/Antyodaya Anna Yojana (AAY) families are entitled to 35kg/family/month and Above Poverty Line (APL) families between 15kg to 35kg/family/month in different States/ Union Territories (UTs).

During 2011-12 a total of 615.26 lakh tons of foodgrains was allocated under TPDS and Other Welfare Schemes (OWS) including various additional allocations. This year so far 627.67 lakh tons of foodgrains has been allocated for the same including various additional allocations. Therefore, the current level of stocks of foodgrains in the Central

Pool is adequate to meet the requirements of foodgrains under TPDS and OWS at the existing level of allocations. This information was given by the Minister of Consumer Affairs, Food and Public Distribution, Prof. K.V. Thomas, in a written reply in Lok Sabha.

He said that keeping in view the record production, procurement and comfortable stock position of wheat and Non-basmati rice in the Central Pool as well as in the country, Government has allowed export of non-basmati rice and wheat under Open General License (OGL) out of the privately held stocks vide Directorate General of Foreign Trade (DGFT) Notification No. 71 & 72 respectively dated 9 September 2011. Further, to ease the storage constraints Government has also approved export of 45 lakh tons of wheat from the Central Pool.

SPV power plants sanctioned in 2012-13

PIB, New Delhi, 18 March 2013



The Ministry has sanctioned 15780 off-grid solar photovoltaic (SPV) power plants of total capacity of 13.25 MWp to be installed on individual houses in the country during 2012-13.

Under the Off-grid and Decentralized Solar Applications Scheme of Jawaharlal Nehru National Solar Mission the Ministry of New & Renewable Energy is providing a subsidy of 30% of the project cost limited to Rs. 72 per Wp for installation of standalone power plants having module capacity up to 1 kWp on the roof tops of individual houses in the country including rural areas.

This information was given by Minister for New & Renewable Energy, Dr. Farooq Abdullah in Lok Sabha.

Budget 2013-14 pro-growth, says US India Business Council

IBEF, New Delhi, 01 March 2013

Applauding Union Finance Minister Mr P Chidambaram for presenting a pro-growth budget, the US India Business Council (USIBC) said the Government has taken significant measures to revitalise investor enthusiasm, ignite growth, and contain its spending. The Council said that India's 2013-14 budget is fundamentally sound, and the plan to accelerate public sector divestment will stimulate greater efficiencies and productivity.

"The government of India recognises that a growth rate of 5 per cent will not run its economic engine fast enough to create the jobs necessary to put India's young population to work," the USIBC President Ron Somers said. USIBC also said that it is committed to support India in its US\$ 1 trillion build-out of infrastructure, which will help generate jobs and opportunities for both Indian and American companies.

Cabinet panel approves five oil, gas blocks operations

The Hindu Business Line, New Delhi, 21 March 2013

Reliance Industries Ltd, Cairn India and ONGC, contractors of five oil and gas blocks in the East Coast, can continue with their exploration and development activity following the Cabinet Committee on Investment (CCI) nod.

Work on these blocks, where investment close to \$10.7 billion has already been made, was stuck because of inter-ministerial differences, particularly relating to Defence issues.

Work on these blocks was affected due to issues raised by the Navy, DRDO and the Air Force.

The blocks include the Krishna-Godavari Basin D6 block operated by Reliance.

Though no official communication was available, sources said CCI had approved five blocks, two with conditions.

The Petroleum and Natural Gas Ministry had sought approval for eight blocks, of which one was already relinquished by the contractor, Reliance Industries Ltd.

Out of the remaining seven, conditional clearance for four blocks – two of Reliance Industries, one each of ONGC consortium and Cairn India – were sought.

The Ministry had also sought CCI approval to declare three blocks as 'no go' areas.



Two blocks belonged to the ONGC-led consortium and one to the Oil India Ltd-led consortium.

The CCI, headed by Prime Minister Manmohan Singh, was set up to fast-track clearances to infrastructure projects involving investments of over Rs 1,000 crore.

In addition, Jayanthi Natarajan, Minister of State (Independent Charge) for Environment and Forests, apprised the high-level panel on the steps taken by her Ministry to streamline the processes relating to seeking various clearances.

Sebi allows FIIs to offer G-secs, corporate bonds as collateral

Business Standard, Mumbai, 21 March 2013



Following last month's Budget announcement, market regulator Sebi allowed foreign institutional investors (FIIs) to offer government securities and corporate bonds as collateral for their transactions in both cash and futures and options (F&O) segments.

Sebi has said such bonds will need a minimum rating of AA by recognised credit rating agencies. Also, these bonds will have to be in dematerialised form. The regulator has directed clearing corporations to have an enabling framework for acceptance of such bonds as collateral.

"The bonds shall be treated as part of the non-cash component of the liquid assets of the clearing member and shall not exceed 10 per cent of the total liquid assets of the clearing member," Sebi said in a circular.

"The bonds shall have a fixed percentage based on VaR (value at risk) based haircut. A higher haircut may be considered to cover the expected time frame for liquidation. To begin with, the haircut shall be a minimum of 10 per cent," it added.

Earlier, FIIs were allowed to offer cash and foreign sovereign securities with AAA rating as collateral in the F&O segment, while cash, foreign sovereign securities with AAA rating and government securities were allowed in the cash segment.

Government approves nine proposals of foreign direct investment amounting to about Rs 1140.14 crore

PIB, New Delhi, 04 March 2013



Based on the recommendations of Foreign Investment Promotion Board (FIPB) in its meeting held on January 21, 2013, the Government has approved nine (9) Proposals of Foreign Direct Investment amounting to Rs.1140.14crore approximately.

In addition, one proposal viz., M/s Ingka Holding Overseas B.V., amounting to Rs.10,500 crore, has been recommended for consideration of Cabinet Committee on Economic Affairs (CCEA).

Nasscom launches programme to incubate 10,000 start-ups

The Hindu Business Line, Bangalore, 21 March 2013



Eric Schmidt, Chairman, Google and Som Mittal, President, Nasscom

To give a boost to the entrepreneurial ecosystem in the country, Nasscom has announced the launch of '10,000 start-ups' programme.

This programme aims to incubate, fund and mentor start-ups in the next 10 years.

While Nasscom has been running such entrepreneurial activities in the past, this time it has sought to involve all the stakeholders – from venture capitalists to product companies that can help foster

the start-up ecosystem. They will be provided with tools consisting of hosting credits and other technology and business tools valued at \$25,000. As a part of this, Nasscom has partnered by Indian Angel Network, Google, Microsoft and Verisign.

Further, the industry body has ambitious plans of creating \$15 billion firms in the next 10 years, which eventually would be a part of the \$300-billion Indian IT industry. Som Mittal, President, Nasscom,

said this will create a significant national impact on employment, GDP, innovation, entrepreneurship and will be vital to realise the industry vision.

TECH EVENTS

"Start-ups need handholding in the initial stages in areas like monetising of business, especially in technology and mentorship helps," said M.K. Sridhar, Member-Secretary and executive director, Karnataka Knowledge Commission.

In line with this, the programme will facilitate 7,000 start-up-related events such as hackathons, investor roadshows and best practices workshops across 30 cities. Tech talks and white space discussions will help young entrepreneurs identify global technology trends and needs, according to Mittal.

While these are noteworthy objectives, some start-ups still are sceptical and concerned that this does not turn into a lobby for start-ups affiliating with the key technology partners.

"We are concerned that we might get sidelined if we are not working in areas that Microsoft and Google have interests," said an educational start-up which works on open source technologies. Further, Nasscom plans to create awareness about technology entrepreneurship as a career option. India has 3 million professionals working in the IT sector.

Omidyar Network invests \$100-200 million in Indian companies

The Times of India, Bangalore, 20 March 2013

US-based philanthropic investment firm Omidyar Network is looking to invest \$100-\$200 million in for-profit and non-profit ventures in the country over the next 3-5 years.

Founded by eBay founder Pierre Omidyar and his wife Pam, the firm has invested \$113 million across 35 companies in India since 2010. Omidyar investments are focused around consumer internet and mobile, entrepreneurship, financial inclusion, government transparency and property rights. The firm invests in firms where social impact is the unifying criterion for investments.

A few months back, the company invested in Kolkata-based IT-enabled services firm iMerit Technology Services. The investment will help iMerit scale its operations, open additional project centres and expand its senior management team. Omidyar's portfolio of companies includes online classifieds Quickr, online pharmacy and medical store HealthKart and civic affair NGO Janaagraha. Omidyar invests \$1 million



Pierre Omidyar, eBay Founder

to \$10 million in for-profit companies and \$500,000 to \$5 million in non-profit companies. "Like a series A investor or an early-stage VC firm, our stake in for-profit companies varies between 10-15% and 25-

40%. For non-profit, we will not support any organisation for more than 25%-33% of its funding.

We want to make sure that there is a robust donor base supporting them," said Jayant Sinha, partner and managing director, Omidyar Network India Advisors.

Sinha said his portfolio companies are technology-oriented. "It is a great way to scale and be non-linear. We look for companies that use technology innovatively," he said.

Last year, Omidyar has invested in companies like Bangalore-based enterprise financing firm Vistaar and Mumbai-based strategic philanthropy foundation Dasra.

It has also granted \$950,000 to Akshara Foundation and \$1.5 million to Consortium for Affordable Medical Technologies (CamTech). Globally, the firm has committed about \$608 million since its inception with \$277 million as for-profit investments and \$331 million as non-profit grants.

Infosys bags BMW contract for infra management services

The Economic Times, Bangalore, 14 March 2013



In a deal that will help it gain more share in the European market, Infosys announced that it has won a five-year deal from BMW Group for application basis infrastructure management services.

Infosys will open a new delivery centre in Munich as part of its global service delivery team and cover services, such as maintenance and

operations of the web infrastructure, content management, SAP Basis operations, IT for IT (the company's internal IT system) and the business intelligence systems of BMW Group.

The second-largest IT services firm in the country garners around 24% of the revenues from Europe, where it is looking for more growth.

Last September, it acquired Swiss consulting firm, Lodestone, for over \$350 million (Rs 1,930 crore). In the third quarter of fiscal 2013, the revenues from Euro went up 16.6% sequentially and 14.4% on constant currency terms. This was a reflection of the business gain through the acquisition.

"Our new delivery centre in Munich will help us achieve this objective for BMW and allow us to expand our local presence in a key growth market," said Ashok Vemuri, global head of manufacturing and engineering services at Infosys,

Overall Europe contributes a little under 30% of the \$76 billion in exports that the Indian IT-BPO industry is expected to clock in the year to March 2013, with most of it coming from the UK and Nordic region.

'Allocation for tourism hiked by Rs 87 crore in the Union Budget

PIB, Chennai, 01 March 2013

Keeping in view the importance of Tourism sector, the allocation for Ministry of Tourism in the Union Budget has been hiked by Rs.87.66 crore. The allocation for the Ministry this year is Rs.1297.66 crore while it was Rs. 1210 crore in the Union Budget 2012-13 and Rs. 1110.96 crore in the Union Budget 2011-12.

The Budget allocation for Plan projects/schemes for the benefit of North East region and Sikkim has been hiked from Rs. 121 crore to Rs. 129 crore. The allocation under this head in the Union budget 2011-2012 was Rs 110 crore.

The allocation under tourist infrastructure is for the creation of infrastructural facilities on construction of Budget Accommodation, wayside amenities, Tourist Reception Centers, Refurbishment of Monuments, Special Tourism Projects, Adventure and Sports facilities, Sound and Light Shows, illuminations of monuments, providing for improvement in solid waste management and sewerage management improvement of surroundings, Signages, procurement of equipments directly related to Tourism and Rural Tourism projects etc. This provision also relates to the Large Revenue Generating projects, generating revenue through levy of fees or user charges like Tourist Trains,



cruise vessels, Cruise terminals, Convention Centre, Golf Courses etc. and creation of land bank for hotels to provide the hotel accommodation in the country by purchasing land and build hotels through public private partnerships. The provision also includes Externally Aided Projects (including UNDP Endogenous Tourist Projects and assistance to central agencies for Tourism Infrastructural Development.

US glass major Corning to set up Rs 588-cr Pune facility

The Hindu Business Line, Mumbai, 05 March 2013

US-based specialty glass major Corning Inc has decided to invest about Rs 588 crore for setting up an optical cable manufacturing facility at Chakan near Pune.

It will provide employment to 270 persons.

The investment would be done through its Indian arm Corning Technologies India Pvt Ltd.

The Maharashtra Government has provided a window of five years for making the investment.

A senior Industries Department official said that the Maharashtra Government has decided to enter into a memorandum of understanding (MoU) with the company, which will enable the company to get a number of sops under the 'Mega Projects Scheme'.

About 26 acres has also been allocated by the Maharashtra Industries Development Corporation for setting up the unit, the official said.

In this year, this is the second big ticket investment, which has been made in the State.

SIDBI signs tripartite MoU with Egyptian body, World Bank

The Hindu Business Line, New Delhi, 21 March 2013

Small Industries Development Bank of India (SIDBI) has signed a tripartite Memorandum of Understanding (MOU) with Social Fund for Development (SFD) Egypt and the World Bank.

The MOU was signed in the presence of visiting Egyptian President Mohamed Morsi and Commerce and Industry Minister Anand Sharma here today.

Under the MOU, SIDBI and its associates will provide consultancy for three year period to SFD and establish credit guarantee system for micro, small and medium enterprises in Egypt, Sushil Muhnot, Chairman & Managing Director, SIDBI told Business Line.

SIDBI will also help SFD in cluster development, introduction of venture capital and risk capital products in Egypt besides developing responsible micro-finance in that country, Muhnot said. World Bank is carrying out a SME development project in Egypt and will fund the technical assistance/consultancy to be provided by SIDBI, it is learnt.



Elder Pharma inks pact with Japanese firm for cosmetics

The Hindu Business Line, 07 March 2013

To tap into the changing world of women's fashion and taste in cosmetics, drug-maker Elder Pharmaceuticals has forged its maiden joint venture with Japanese firm Kose Corporation.

"It is a completely different area for us," Elder Pharma Joint Managing Director Alok Saxena told Business Line, adding that Elder would make the specialised cosmetics at its Paonta Sahib plant, in Himachal Pradesh.

Elder has in the past followed the strategy of in-licencing products from foreign companies.

The departure this time to form a joint-venture format was because of the huge opportunity in the domestic market, he said. The product portfolio includes skincare and body care products, he said, adding that they were over-the-counter (OTC) products. The Japanese firm will hold

60 per cent equity in the venture, and Elder the remaining 40 per cent.

The reason the cosmetic tie-up happened with the Rs 1,350-crore Elder Pharma and not its healthcare arm, was because the Japanese company needed specialised manufacturing, something the pharma company was familiar with, he said. The cosmetics, to be made locally, will be in the market in three months, he added.

India and Portugal to Liberalise Visa Regime

PIB, New Delhi, 05 March 2013



The Minister of External Affairs, Portugal, Mr. Paulo Portas meeting the Union Minister for Commerce & Industry and Textiles, Shri Anand Sharma, in New Delhi on March 05, 2013.

India and Portugal agreed for the need for an early conclusion of the India-EU Broad based Trade and Investment agreement (BTIA) Negotiations. The Union Minister for Commerce, Industry and Textiles Shri Anand Sharma in a meeting with Mr. Paulo Portas, Minister of Foreign Affairs of Portugal, said that "intensive engagements on part of the two sides are a reflection of their desire to finalise a balanced trade agreement at the earliest. However, ambitions have to be balanced and tempered and a sequential approach has to be followed to ensure early closure

of negotiations". He further conveyed to the Portuguese Minister that the agreement will lead to an increase in the opportunities for market access in both goods and services for both sides. The India-EU BTIA negotiations are underway with fifteen rounds having been completed, with the last meeting at the Chief Negotiators level being held on 29-30th January this year in Delhi. The ministerial level talks are likely to happen next month.

The Portuguese side wanted to understand the current status of Bilateral Investment Protection Agreement (BIPA). Shri Sharma informed that the Finance Ministry is presently engaged in reviewing the Model Text.

Shri Sharma also said that both India and Portugal are working towards the conclusion of the Agreement on Visa Free Travel for Diplomatic/Official Passport Holders. "Such an agreement would be useful for both sides for facilitating official level exchanges between the two countries," said Shri Sharma.

On the issue of business visa, Shri Sharma proposed that apex business chambers of both the countries should be empowered to endorse business visa application which should be honoured by the authorities for grant of long term business visas. He also expressed happiness over the fact that India and Portugal are ready to sign the Social Security Agreement.

NERC and ESSO-MoES to strengthen UK-Indian collaboration in Earth Sciences and Environmental Research

PIB, New Delhi, 04 March 2013



The Union Minister for Science & Technology and Earth Sciences, Shri S. Jaipal Reddy witnessing the signing of the Memorandum of Understanding (MoU), on cooperation in the field of Earth Sciences between Earth System Science Organisation/Ministry of Earth Sciences (ESSO/MOES) and the National Environment Research Council (NERC), United Kingdom, in New Delhi on March 01, 2013.

The Natural Environment Research Council of the UK (NERC) and the Earth System Science Organization, Ministry of Earth Sciences of the Republic of India (ESSO-MoES) have agreed a Memorandum of Understanding (MoU) to facilitate cooperation between the UK and Indian earth system science and environmental research communities.

The UK and India have shared interests and strengths in research on meteorology, climate variability and change, oceanography, hydrology, cryosphere, natural hazards and biodiversity. The new MoU will encourage collaboration in these areas by promoting information sharing and identification of new opportunities for collaborative activities such as networking, exchange of scientific and technical capability, and co-funding new research

through joint calls. The MoU will be put to immediate effect. On this occasion Shri S. Jaipal Reddy, Union Minister for Earth Sciences and Science & Technology expressed the hope that the strong bond established between ESSO and NERC will further strengthen by signing of the MoU. He said this kind of bilateral cooperative agreement will help us to improve the forecasting capability of various weather and climate related phenomena and natural hazards through sharing of knowledge, expertise and experience.

The UK delegation head Mr. Phil Newton said, "This MoU is a sign of our commitment to work strategically in addressing some of the biggest challenges facing us. I am delighted that we are now strengthening our relationship."

The MoU agreed today will deepen the NERC- MoES partnership, enabling the two countries to build strategically on current collaborations.

Over the last two years NERC and ESSO-MoES have built a strong partnership to support collaboration between UK and Indian scientists to address environmental change. In 2012 the two establishments jointly funded five collaborative research projects for Changing Water Cycle programme. These projects are providing information to improve forecasts and management of changes to rainfall, river flows and groundwater in the dynamic and vulnerable South Asian region. The programme is expected to generate and put into practice new knowledge on changing water cycle. NERC and ESSO are also currently collaborating in the Belmont Forum call to support international research on the challenges of Water Security and Coastal Vulnerability.

BS Enviro acquires 51% stake in Skywater India for water solutions

The Hindu Business Line, 07 March 2013

BS Ltd through its subsidiary BS Enviro Solutions Ltd announced the acquisition of 51 per cent stake in Harbinger Capital-promoted Skywater India, engaged in water solutions.

This acquisition enables the Hyderabad-based EPC, transmission and tower solutions provider to enter into water management business.

The company plans to invest about Rs 30 crore over the next two years in the venture, which offers water generating machines.

These water machines priced at about Rs 10 lakh, trap atmospheric water to generate ozone treated water from moisture in the air.

These machines convert water vapour in the air into fresh and clean

water and can produce about 700 litres to about 1200 litres per day.

Rajesh Agarwal, Chairman and Managing Director, BS Ltd, said that the company has diversified into water treatment, sewerage treatment and effluent treatment solutions. This acquisition will help the company offer water solution.

The company has installed more than 50 such machines in India and has bagged orders for 100 machines from Meghalaya Government and few other orders from Bihar and Karnataka.

These are ideally suited for remote locations, said Sanjay Sultania, Managing Director of the joint venture.

AS A CSR INITIATIVE

There is no financial outgo for the company. It is a structured deal and the payout is based on growth capital, Sultania said.

Addressing a press conference, Agarwal said the product will also appeal to large entities looking at corporate social responsibility to offer drinking water to remote locations. These can be installed in a village without adequate drinking water supply.

Referring to the company, Agarwal said during the first nine months BS closed with revenues of Rs 1,460 crore and expects a turnover of Rs 1,800 crore and a profit of about Rs 65 crore during the current financial year.

The company shares closed at Rs 322, up two per cent on the BSE.



Rajesh Agarwal (right), Chairman and Managing Director, BS Ltd, and Sanjay Sultania, Managing Director, BS Enviro Solutions Ltd, at a press conference in Hyderabad.

Temasek Holdings invests Rs 140 crore in HealthCare Global Enterprises

The Hindu Business Line, 07 March 2013

Temasek Holdings, Singapore's state-owned investment company, has invested Rs 140 crore in Bangalore-headquartered cancer care provider HealthCare Global Enterprises (HCG).

The deal values the company around Rs 1,000 crore, with HCG's founder and chairman BS Ajaikumar retaining a 26-28% stake, according to a person with direct knowledge of the deal.

"This investment is a good wake-up call that India is ready to take centre stage in oncology," said Ajai Kumar. "It is a good feeling." The company will use the funding to double its network to 50 centres in India and Africa. It also has plans to enter the multi-speciality space.

Temasek joins existing investors Premji Invest, an investment entity owned by Wipro chairman Azim Premji, and Milestone Religare in a primary equity issuance by the company.

"We are pleased to invest in this firm which has redefined cancer care in India," said Rohit Sipahimalani, who heads the India practice for Temasek. The investment firm's \$157-billion portfolio counts Bank of China, telecom firm Airtel and Singapore Airlines among its major companies.

Temasek's investment in HCG has also paved the way for Dubai-based alternative investment house Evolve Capital to exit. The firm which had invested 30 crore in HCG almost five years ago out of its Evolve India Life Sciences Fund has gained close to 2.3 times return on investment.

This is the second time that a private equity fund has made a successful exit from HCG. The medical care provider initially raised Rs 50-crore from IDFC Private Equity almost seven years ago. When HCG raised a subsequent round of 240 crore from Premji Invest and

Milestone, it enabled IDFC to exit the venture last year in April.

"Investors are chasing single-speciality chains instead of multi-speciality, as the model is more profitable, focused and it is easier to predict the outcome," said Harish HV, partner at Grant Thornton India.

Private equity and venture capital investments in the healthcare industry in India are increasing rapidly as supply is woefully low and demand continues to surge. Last year, the industry absorbed \$1.2 billion across 48 deals, according to research firm Venture Intelligence. In 2011, there were 38 deals in the sector worth \$421 million.



Biyani, Hong Kong billionaire to form JV

Business Standard, Mumbai, 11 March 2013

Future Group founder Kishore Biyani has planned a 50:50 venture with the family investment vehicle of Hong Kong-based billionaire Victor K Fung, for imports and wholesaling.

The joint venture will be outside Future's listed entity, Pantaloon Retail, and be part of Future's investment vehicles, sources said. The venture is to operate large wholesale markets on the lines of the YIWU market in China and Dragon Mart in Dubai, and to import products from China and other Asian countries and sell to Indian retail chains and small retailers.

Future and Fung Group already have a partnership with Bangalore-based Sattva Properties to develop a wholesale market in the city. A second one is expected to come up in Mumbai in the next couple of months.

"Our family investment vehicle wants a closer relationship with Future Group and we want to support them in wholesaling and cash & carry ventures in the country," said Victor K Fung, at the launch of the distribution centre of Future Supply Chains

(FSC), logistics arm of Future Group, in Nagpur yesterday.

Fung Group has 26 per cent stake in FSC, which it had bought for US\$30 million.

The 1.5 million sq ft wholesale market coming up in Bangalore will have a wholesale store run by the Future-Fung combine, with the rest of the space leased to multiple wholesalers. Depending on the success, the partners are looking to roll it out in other parts of the country, said Rajesh Ranavat, who looks after the Fung family's business interests in India.

While the venture will focus on supplying slightly high-end products to modern trade, it will supply mass products to smaller retailers.

Fung Holdings, the privately-held entity of Fung Group, is into trading, distribution, retailing and logistics. It does business in 40 countries and its revenue in 2011 was US\$21 billion.

"We want to cater to both modern trade and small retailers who want imported



products from China and other countries. We can look at importing for chains such as Shoppers Stop and Lifestyle," Ranavat said.

Fung Group is also looking at increasing its stake in FSC. "We are looking at that. That could be a possibility," he said. "The existing venture is beyond breakeven. It never lost money."

RBI move is in the right direction: C Rangarajan

ET Now, 19 March 2013



In an interview with ET now, Dr C Rangarajan, Chairman, Economic Advisory Council to the Prime Minister of India, gives his views on the RBI's decision to cut policy rates. Excerpts:

ET NOW: WHAT IS YOUR REACTION TO THE 0.25% POINT RATE CUT AND MORE IMPORTANTLY THE RBI'S COMMENTARY SAYING THAT THERE IS LITTLE ROOM FOR FURTHER RATE CUTS DESPITE ITS PRO-GROWTH STANCE?

DR. C. RANGARAJAN: It is a move in the right direction. Almost everyone was expecting it because of the fact that the budget had taken strong decision to contain fiscal deficit and the non-food manufacturing inflation has been brought down below 4%. These were favourable factors providing space for the Reserve Bank of India to move in the direction of easing. Therefore, the decision of the Reserve Bank of India has been appropriate. Going ahead much will depend on how inflation behaves. The headline inflation even as of now remains at high levels and this is the factor no policy maker can ignore. Going ahead unless we see a continuing decline in inflation, it becomes very difficult. But at this point we cannot clearly say what turn the policy will take. We need to wait and watch how inflation behaves.

MYTHILI BHUSNURMATH: ABOUT A WEEK AGO DR SUBBARAO SPEAKING IN LONDON HAD SAID ANY INFLATION OVER 6% WOULD JUSTIFY, IN FACT WARRANT THE TIGHTENING

OF MONETARY POLICY, BUT ON THE OTHER HAND EVEN THOUGH INFLATION IS WELL OVER 6%, HE HAS EASED POLICY. IS THAT MORE, SHOULD I SAY, IN RESPONSE TO POPULIST PRESSURES AND EXPECTATIONS THAT HAD ALREADY BEEN FACTORED IN? THE ALTERNATIVE OF NOT LOWERING RATES WOULD HAVE BEEN TOO DRASTIC -- IS THAT RATHER THAN MACRO ECONOMIC FUNDAMENTALS WHICH HAS DRIVEN THE POLICY?

DR. C. RANGARAJAN: The fact that non-food manufacturing inflation has come below 4% must have been a major factor influencing the decision. Undoubtedly the overall inflation, the headline inflation remains high and that is also a factor in deciding the extent of easing that he can do. Therefore, there are two factors moving in opposite directions what is considered to be under the control of the authorities, namely non-food manufacturing inflation has come down but on the other hand the headline inflation has gone up. Therefore one has to do some kind balancing act here.

MYTHILI BHUSNURMATH: HE HAS HAD TO DO A BIT OF TIGHT ROPE WALKING. BUT ON THE OTHER HAND THERE IS ALSO THE ISSUE THAT WHEN YOU LOWER INTEREST RATES, IT MAY

IMPACT HOUSEHOLD DOMESTIC SAVING. ALREADY WE HAVE SEEN HOUSEHOLDS MOVING OUT OF BANK DEPOSITS INTO GOLD, REAL ESTATE. IS IT NOT LIKELY TO HIT DOMESTIC SAVING EVEN MORE ADVERSELY?

DR. C. RANGARAJAN: It all depends upon how the banks react to the change. I do believe that the Reserve Bank of India will take some action through the open market operations if liquidity is required. The very act of reducing the policy rate does not automatically result in the other rates coming down unless the RBI takes complementary action. Since they have not done anything on CRR, probably they may do something in a calibrated way through open market operations.

Yes, your concern is very genuine. That is why we need to bring down the overall headline inflation. Overall inflation matters to the consumers and savers rather than its subsets. Therefore, we need to act on that. This is a very difficult balancing act. There are competing claims on the policy makers and on the system. On the one hand growth is slowing and needs to be pushed up, but at the same time, inflation remains high and we need to take action to control it. We constantly need to be doing a balancing act.

Best time to discover India in its brightest hues is now, during the harvest season

ET Bureau , Nimisha Tiwari, 14 March 2013

Good news first, the Tourism Ministry is considering Visa on Arrival for tourists from over 16 countries into India and with that, Rural Tourism is bound to get a major boost.

Soon, tourists will come flocking in hordes and the India story will reach far and wide. Infrastructure in most cities and villages will now improve and make it so much easier to reach the countryside. And that makes it ever so lucrative for us, the domestic travellers, as well.

But then, why wait any longer? We suggest you start your vacation right away and revel in the glory of the harvest festivals that are being celebrated with fervour now.

Start by going North, enjoy a Bollywood moment in mustard fields of Punjab or toward Uttar Pradesh. Holi is one such festival where mythology is intertwined with colour smearing.

Hit the locations of Mathura, Vrindavan or Benaras and enjoy how locals celebrate Holi with gujiyas, mathri, bhaang and laddoos. Tune into Baisakhi and try Bhangra with the farming community in the ganna khet or wheat fields. It will be a thrilling experience. Go South, for Ugadi time and more...

HOLI (MATHURA, UP)

Brij vasis are considered the original descendants of Lord Krishna in Hindu Mythology. Then, what better place to witness Holi than Mathura, the birthplace of Krishna! Smearing of colours forges new friendships and the traditional song and dance is a sight to see when you visit Ganges ghats in Mathura. www.mathura.nic.in

GUDI PADWA

Region: Maharashtra, Hindu Goans, parts of Karnataka

Gudi Padwa is one of the most auspicious days in the Marathi Hindu Calendar and is considered ideal for starting new ventures and investment. It is believed that every moment on the Gudi Padwa day is auspicious.

The day also heralds the arrival of the spring season. Farmers make it a point to plough the field on Gudi Padwa day as they believe it will help in having a good harvest in the ensuing agricultural season.

ON THE PLATTER:

A traditional offering consists of neem leaves and neem flowers, soaked dal, cumin seeds, honey or jaggery and asafoetida. The

sweet and sour tastes of the offering symbolically indicates that life is filled with joy and sorrow. The entire family meets and enjoys having lunch or dinner together.

BAISAKHI (JAMMU & KASHMIR)

The day of harvest is considered auspicious for marriage ceremonies. Get yourself invited to a Kashmiri wedding this April and you'll be amazed at the meaningful rituals that are followed by the families here.

This harvest season, visit the Nagbani Temple in Jammu to witness the grand Baisakhi celebrations during April. The occasion is marked by numerous fairs and langar (community food event). www.jktourism.org



BAISAKHI (PUNJAB)

Sikhs celebrate Baisakhi with great elan. Take a trip to the rural side of Punjab, to Pind, Hoshiarpur, Haibatpur and witness this festival to have a gala time. You'll find men performing the popular Bhangra dance. Baisakhi also commemorates the day in 1689 when Guru Gobind Singh founded the Khalsa. Make it a point to visit the Golden Temple in Amritsar that day, where the holy Granth is read. Indulge in a round of feasting. www.punjabtourism.gov.in



INDIA CHRONICLE | EXPO CALENDAR

**POWER-GEN INDIA & CENTRAL ASIA**

POWER-GEN India & Central Asia is the leading event that concentrates on the power industry. This show is scheduled to be held at the Bombay Exhibition Centre in Mumbai in India for three consecutive days. It will bring together the experts and professionals of the industry who will get a platform to discuss about the future of the sector and share their experiences and ideas with other attendees present at the show. The visitors will get the benefit of networking with great people of the sector and interact with them so as to gain necessary details that will help them to understand the industry properly. The exhibitors of the show will get the opportunity to connect with their prospective customers and display their goods and products. The show will be attended by over 7,000 people from all around the globe.

The highlights of POWER-GEN India & Central Asia will include the following:

- Conference.
- Networking opportunities.
- Exhibit products and services.
- Meet the experts and professionals of the industries.
- Co located with Renewable Energy World India and HydroVision India.

Date: 06 - 08 May 2013

Venue: Bombay Exhibition Centre, Mumbai

Website: www.power-genindia.com

**PHARMA PRO&PACK EXPO**

PHARMA Pro&Pack Expo 2013 is organized by IPMMA and will be held at Mumbai, the economic capital of India. This show helps the exhibitors from all over the world to come together and showcase their products and services in front of the large number of professionals and decision makers who will be attending the show. This expo proves to be an ideal platform for the exhibitors to mark their entrance at the international market and to have a good opportunity to facilitate their business prospects. The attendees of this three day international show will get a forum for discussion of new trends and latest technologies that have been produced in the pharma industry along with strengthening their relationship with each other. More than 250 companies will take part in this show to display their products and gain new business opportunities.

Date: 24 - 26 April 2013

Venue: Bombay Exhibition Center(BEC), Mumbai, India

Website: www.iphex-india.com

INDIA KNIT FAIR

17 - 19 APRIL 2013

IKF COMPLEX, TIRUPPUR, TAMIL NADU, INDIA

www.indiaknitfair.com

INDIGO

19 - 20 APRIL 2013

EXPO CENTRE NOIDA, NOIDA, UTTAR PRADESH, INDIA

www.indiadenimexpo.com

IPHEX

24 - 26 APRIL 2013

BOMBAY EXHIBITION CENTER(BEC), MUMBAI, MAHARASHTRA, INDIA

www.iphex-india.com

AGRITEX HYDERABAD

25 - 28 APRIL 2013

HYDERABAD INTERNATIONAL TRADE EXPOSITION CENTRE(HITEX), HYDERABAD, ANDHRA PRADESH, INDIA

agritex.co.in

ECOBUILD INDIA

16 - 18 APRIL 2013

BOMBAY EXHIBITION CENTER(BEC) MUMBAI, INDIA

www.ecobuild-india.com

PHARMA PRO & PACK EXPO

24 - 26 APRIL 2013

BOMBAY EXHIBITION CENTER(BEC) MUMBAI, INDIA

www.pharmapropack.com

PALM INDIA EXPO

30 MAY - 01 JUNE 2013

BOMBAY EXHIBITION CENTER(BEC) MUMBAI, INDIA

www.palmexpo.in

AUTOMOTIVE ENGINEERING SHOW

06 - 08 JUNE 2013

CHENNAI TRADE & CONVENTION CENTRE CHENNAI, INDIA

www.aes-show.com

F&H EXPO

06 - 08 JUNE 2013

INDIA EXPO CENTRE AND MART GREATER NOIDA, INDIA

fandhexpo.com

WOODTECH INDIA

13 - 16 JUNE 2013

BOMBAY EXHIBITION CENTER(BEC) MUMBAI, INDIA

www.woodtechindia.in

HOSPITALITY BUSINESS FAIR

14 - 16 JUNE 2013

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