

India's share in global manufacturing could touch five per cent by 2022: KPMG

INDIA'S share in global manufacturing, which increased from one per cent in 1995 to 1.8 per cent in 2008, could reach five per cent by 2022, if it expands at over 10 per cent annually, says a report by international professional services firm, KPMG. "If we are able to sustain this growth rate till 2022, then we could reach a five per cent share of the global manufacturing output. This growth is important even from the point of view of employment generation," notes the report – Manufacturing India @ 75 – which was released at the 7th Manufacturing Summit organised by the Confederation of Indian Industry (CII).

KPMG has identified four 'essential enablers' that could drive growth in manufacturing: infrastructure, people development, regulatory environment and communication and technology. The government too has to create an enabling environment for manufacturing, it states. The report also paints a bright picture for India as a global investment destination. "It will move from seventh to fourth in the investment league table, overtaking the UK, Germany and France by 2013-14," points out the report. KPMG interviewed 300 corporate investment strategists in 15 countries for its Manufacturing India @75 report, on where and how they planned to invest funds over the next five years. India, it emerged,

is expected to have the highest growth in terms of number of business houses that plan to invest in the country, as compared to any other nation in the world.



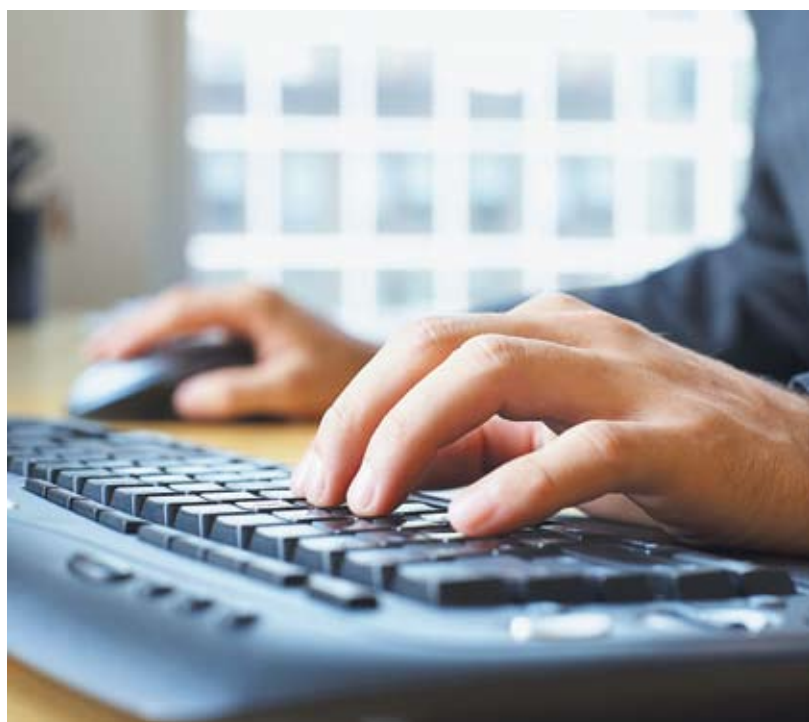
Silicon Valley 'sister-city' ties

INDIA'S Silicon Valley, Bangalore, has entered into a 'sister-city' relationship with San Francisco. (Silicon Valley is located in the southern part of the San Francisco Bay area).

Not surprisingly, the agreement between the two hi-tech cities was 'signed' through a video conference link, with the respective civic heads – administrator Dilip Rau of Bangalore and mayor Gavin Newsom of San Francisco – inking the deal.

The new relationship aims to evolve an IT and ITES 'sister-city program' to explore new areas of software development, testing, applications and protection of intellectual property. A similar program for the biotechnology sector has also been envisaged.

The two cities will also collaborate in the areas of education, relating to medicine, engineering and multi-media, with scope for exchange of students. The deal covers exchange of information, documentation of good practices, participation in meetings, promotion of trade fairs, travel and tourism, cultural and educational exchanges, besides disseminating information about the 'sister-cities' on their official websites.



Karnataka to develop over half a dozen new IT parks

THE Karnataka government has decided to develop over half a dozen new information technology parks (ITPs) on a public private partnership basis in the state. The Karnataka Electronics Development Corporation will be the nodal agency and the Karnataka Industrial Areas Development Board will provide land for setting up the parks, which are to come up in Bangalore, Mysore, Shimoga, Gulbarga, Belgaum, Hubli-Dharwad and Mangalore.

According to Katta Subramanya Naidu, the Minister for Information Technology, the Bangalore ITP would come up near the new international airport at Devanahalli and would be developed on a 27-acre plot on a public-private partnership model. The ITP near the airport would offer a walk-to-work model to employees at the various firms within the park. The state government also plans to set up an information technology and biotechnology authority to ensure speedy implementation of investment proposals in the two sectors. The government is working actively towards narrowing the gap between the approval and implementation of projects, and the new body would ensure quicker implementation.



Intellectual Ventures sets up Bangalore office

INTELLECTUAL Ventures (IV), a \$5 billion US-based fund has set up a presence in Bangalore, and plans to enter into agreements with premier research bodies such as the Indian Institute of Science, Bangalore, and the Indian Institute of Technology, Madras, to acquire patents.

Established by Nathan Myhrvold, the ceo – and a former chief technology officer of Microsoft – the fund owns over 20,000 patents worldwide. Myhrvold says the fund has launched a new business model and will file patents on behalf of various research institutes, buy or licence the patents and take the inventions to the market. In India, it will be eyeing many of the 15,000-odd patents filed annually by various research institutes.

Prof Ashok Misra, former director, IIT, Mumbai, has joined IV as its India chairman. The fund claims to be the eighth largest patent owner in the world and has notched up sales of \$1 billion by marketing patents.

Myhrvold says the fund will invest about \$100 million over the next five years to buy or licence patents in Asia. It has already set up a presence across major Asian cities including Tokyo, Beijing, Seoul and Singapore. It raised \$5 billion from pension funds, individual investors and firms such as Microsoft, Cisco, Intel, Verizon Communications, Sony and Apple.

New York City tourism office opens in Mumbai

NEW York City & Company opened its 18th international tourism and marketing office in Mumbai, to attract more Indian tourists. According to George Fertitta, ceo, New York City & Company, last



year nearly 160,000 Indians visited New York City. "This year, we expect 175,000 Indians to visit New York," he says.

The Big Apple, one of the most popular tourist destinations in the world, both for the leisure and business traveller, expects to attract 50 million tourists a year by 2012. Last year, the city earned \$28 billion by way of tourism revenues. This year, despite the financial turmoil in the American financial hub, it expects to earn \$30 billion from international tourists.

Fertitta notes that many Indian travellers to New York are corporate visitors. "We want them to bring their families with them," he says. Several airlines, including Air India, now operate non-stop flights between Mumbai and New York.

Briefs

CSIR plans world-class varsity

THE Council of Scientific and Industrial Research (CSIR) plans to set up a world-class university to boost the number of doctoral and post-doctoral students produced by India every year. The CSIR Advanced Institutes of Science and Technology will be spread across 38 laboratories of the premier research body. CSIR hopes to produce about 1,500 PhDs a year, as against 400 at present. India produces about 4,000 PhDs every year, and the government wants to increase this substantially. CSIR has about 4,000 scientists out of a total technical staff strength of 12,500.

TAFE to produce tractors in Turkey

TRACTORS and Farm Equipment (TAFE), part of the Amalgamations Group, plans to set up a Greenfield project in Turkey to produce 15,000 tractors a year in the sub-100 HP range. TAFE plans to invest nearly \$20 million – sourced from internal accruals – for the project. “Turkey is a strategically important market for us,” says A. Sivasailam, chairman and managing director, TAFE. The company is India’s second largest tractor manufacturer, with an annual production of 80,000 units.

10 million tonne JSW steel plant to come up in West Bengal

JSW Steel Limited is setting up a 10 million tonne integrated steel plant at Salboni in West Bengal. According to Sajjan Jindal, managing director of the company, the plant – the foundation stone for which was laid recently – will produce three million tonnes of steel by 2012. The capacity will be doubled by 2015, and will touch 10 million tonnes by 2020.

Ennore, Chennai ports gear up for auto exports

THE ports of Ennore and Chennai, which are together expected to handle about half a million cars a year for the overseas markets, by 2011, are making huge investments in upgrading facilities.

Ennore Port, in which the Chennai Port Trust is a major stakeholder, plans to develop a multi-cargo facility for Japanese automaker Nissan at a cost of nearly \$25 million. The facility would also include a 140,000 sq m parking lot, according to S. Velumani, chairman and managing director, Ennore Port.

Chennai Port is investing over \$16 million for a roll-on/roll-off (ro-ro) terminal for automobiles. South Korean auto major Hyundai exported 138,000 cars out of Chennai port in 2007-08; in the first six months of the current fiscal, it has already exported 117,000 cars.

Nissan Motors plans to manufacture several models of small cars at its new plant near Chennai from 2010. The plant will have an annual capacity of 400,000 cars. Nissan plans to export about 110,000 cars from Ennore to European markets by 2011, according to a company spokesperson. Ultimately, Nissan hopes to export 180,000 cars from the Ennore port.



Ford to go ahead with small car project in India

FORD Motor Company, which along with the other two major American auto giants, General Motors and Chrysler, is experiencing a major crisis in the US, plans to go ahead with the launch of its small car in India by 2010.

The company had announced plans to invest \$500 million in a new factory in Chennai, with a capacity to produce 250,000 units a year by 2010. According to Michael Boneham, managing director, Ford India, the company’s investment decisions are made on a long-term basis. Ford expects the demand for small cars to increase at a fast pace, especially by the time it launches its small car in 2010.

Car sales in India have risen by 5.3 per cent during the first half of the current fiscal – to 600,385 – according to the Society of Indian Automobile Manufacturers. This, however, was less than half the growth recorded in the previous fiscal. Ford Motors saw a 27 per cent decline in sales between April and September this year, over the same period in 2007.



American delegates woo Indian corporates

TOP Indian companies are being wooed by American business delegates wanting them to set up a presence in US cities. A delegation from the Cincinnati Regional Chamber recently visited Mumbai, Bangalore and Delhi, hoping to attract leading firms to the US city.

India's largest IT software exporter, Tata Consultancy Services (TCS) opened a 200-acre, 1,000-seat facility in Cincinnati recently, accounting for the largest job creation there in a decade. TCS hopes to employ about 700 Americans in about three years at its Cincinnati facility. Earlier, several states and local bodies were wooing TCS, hoping it would set up its campus in their cities.

The Cincinnati business delegation met executives from the Tata Group, Infosys Technologies and other leading firms in the pharmaceutical, consumer and automobile sectors. "We realise there are opportunities in growing investments in the US from emerging economies like India and China," says Neil Hensley, senior director, economic development, business attraction and retention, Cincinnati USA Partnership.



GE Transportation in joint venture with BHEL

GE Transportation, a subsidiary of American giant General Electric Company, will form a joint venture with Bharat Heavy Electricals Limited, a public sector unit, to bid for the manufacture of 1,000 fuel-efficient locomotives for the Indian Railways. The project is expected to cost about \$2 billion.

Indian Railways plans to set up a dedicated freight corridor linking Delhi to Mumbai and Punjab to Kolkata. It needs about 1,800 diesel locomotives over the next four years to meet the growing demand for freight.

GE Transportation and another American firm, Electro-Motive Diesel Inc, have been short-listed by the railways for the tender. The winner will have to set up a joint venture with the Indian Railways, which will have a 26 per cent stake, to establish a manufacturing facility in Bihar.

According to Pratyush Kumar, president and ceo, GE Infrastructure, the American firm will provide the technology and design for the locomotives from its design centre in Bangalore. BHEL will also provide the technology, logistics, construction expertise and local knowledge for the joint venture.

The containers will roll out of the Bihar factory in about three years and will be used by the railways for double-stack container freight operations and for transporting commodities like coal.



Briefs

Biotech pharma IT park to come up in Orissa

HYDERABAD-based Bharat Biotech International Limited, will develop a \$20 million biotech pharma IT park near Bhubaneswar. It is being promoted as a public private partnership by the Orissa government. A special purpose vehicle will be established to implement the project, which is expected to be completed in eight years. A biotechnology incubation centre will also be developed within the park.

Wockhardt ties up with Sinclair Pharma

WOCKHARDT, a leading Indian pharmaceutical firm, has entered into a licencing agreement with Sinclair Pharma of the UK to market a range of dermatology and dental products. The Indian firm will import bulk drugs from the UK and make formulations. It plans to enter into a contract manufacturing agreement with Sinclair to cater to Europe.

Future Group to invest \$250 million in new malls

KSHITIJ Investment Advisory Company, part of the Future Group, plans to promote a dozen malls and five 'market cities' (leisure-cum-shopping destinations) across India at an investment of nearly \$250 million. According to Shishir Bajjal, managing director and ceo, Kshitij Investments, the new projects will add up to 21 million sq ft of retail and mixed-use space. The malls will be functional in about three years.