

NTPC PLANS TO ADD 3,000 MW CAPACITY IN YEAR STARTING APRIL: CHAIRMAN R S SHARMA

VIKRAM PANDIT-LED CITIGROUP IS CONSIDERING REVERSE STOCK SPLIT

Banks' lifeline to student debtors

Say Education Loan Can Be Rephased, Delay In Payment Won't Be Fined

Anahita Mukherji | TNN



STEP OUT WITH SMILE

Mumbai: Are you one of those students with a hefty bank loan and set to enter a bleak job market? Are you afraid that you won't get a job? Or the job offer in hand pays so low you won't be able to repay the EMIs?

Don't panic. Banks are likely to throw you a lifeline. A number of nationalised banks — including the State Bank of India (SBI), which is the market leader for education loans — say they will ensure that students hit by the current financial crisis will not be penalised if they cannot repay their education loan on time.

If they are approached by students who have a tough time paying back their loans, banks say they will reassess the loan on a case to case basis. "After all, we don't want

the student to sell his father's house because he cannot pay back an education loan," said an SBI spokesperson. SBI has a 24% share in the market for education loans.

"We already have a large moratorium before for a loan.

Repayment starts one year after the course gets over or six months after the student gets a job, whichever is earlier. But if a student faces a financial problem and finds it difficult to repay the loan on time, we will obviously not put further

stress on him," said the official. SBI isn't the only bank with a sympathetic view. "In case a student is unable to repay an education loan, we will definitely help him out, and either extend the date from which the student must start repaying the loan or increase the duration for over which the loan has to be repaid," said Vikas Chhapekar, general manager of Bank of Maharashtra (Mumbai circle). "We feel educating young people is an investment in the country and we do not want them to suffer over a loan. We, too, realise that there's a financial crisis across the world."

Bank of Baroda, too, says it will go out of its way to ensure that students who are already burdened with a loan don't suffer at payback time. "My heart goes out to students at a time like this. If ap-

proached by a student who cannot repay his loan, we will, after clearance from the top, help rephase the loan," says A K Agarwal, a senior bank manager.

For students, this is a huge relief. "This is obviously reassuring. Banks already have a rather relaxed system of repaying an education loan. But for those who do not want to take on the burden of repaying their loans right away and feel they will be in a better position to do so next year, it helps to know that banks may renegotiate the terms of the loan," said Sidharth Gupta, who graduated from IIM-Bangalore this year. Varun Shourie, a post-graduate student at the Mudra Institute of Communication, Ahmedabad says he will be happy with any move on the part of banks to rephase education loans.

Nasscom sees single digit growth for IT

T K Rohit | TNN

Chennai: In what could be signs of things to come for the Indian IT industry, Nasscom president Som Mittal has indicated that growth for the year could be between "high single digits and early double digits."

"Growth was forecast for 2008-09 ending March at 16% for the industry. But this year, it could be in single digits and early double digits," Mittal told The Times of India after Nasscom signed an MoU with the Association of Information Technology Companies (ACTI), Chile, in the presence of the Chilean president Dr Michelle Bachelet.

Mittal, however, said the recovery of the IT industry could happen sooner than other sectors. "IT means trans-

formation, improving the competitiveness of companies that are down. Growth could happen in the second half of this year. Deals are still going on, but velocity of new deals is still slow," he said.

Mittal said Indian IT firms should use this global crisis to

RECOVERY SOON

improve efficiencies and adding domain expertise.

With news of layoffs, reduction in salaries constantly trickling in, Mittal said hiring was also likely to be less this year, though the industry would still be a net hirer. "A large number of offers are available on campuses who will join the companies later this year. This is a very difficult time for the world. The

stimulus packages in India and the US will start taking effect and we should start seeing a reversal happening."

On the US H1B visas, Mittal pointed out that there were still some concerns. "But out of the 85,000 H1B visas, India gets only 11,000 and these are people who do not immigrate. The average stay for a H1B visa is just about two years."

He also said Nasscom was welcoming US President Barack Obama's statement on Thursday that the US needed a comprehensive reform of immigration that think about tweaking the H1B.

With proposed legislations in the US over outsourcing, Mittal pointed out that the difference between outsourcing and offshoring was a very thin line.

iGate pulls out of Satyam race

New Delhi: Diversified business groups Larsen & Toubro, Spice Corp and software maker Tech Mahindra on Friday submitted expressions of interest (EOI) to acquire control of fraud-hit Satyam Computer, while iGate opted out possibly for want of more financial information.

As the deadline for submitting formal proposals ended on Thursday, the suitors sent in detailed EOIs and proof that they have cash of Rs 1,500 crore. At Thursday's price of Rs 43.90 a share, Satyam is valued at Rs 2,954 crore.

The board of Satyam met in Hyderabad to evaluate the EOIs for acquiring a majority stake in the outsourcing. After this, Satyam would provide shortlisted bidders access to business, financial and legal information. iGate, a US company, said: "Based on further analysis, it has decided not to participate ... in the bidding."

It did not give any specific reason for its decision but its CEO Phaneesh Murthy had



COLD FEET: iGate CEO Phaneesh Murthy quit citing lack of financial information on the fraud-hit firm

earlier said that he would opt out if he does not get fresh financial data. Satyam's accounts are in the process of being restated by KPMG and Deloitte.

On March 12, during the registration process, Hinduja group had decided not to participate in the bidding. Officials of L&T, which owns about 12% in Satyam, and Spice said they have put in the EOIs. Tech Mahindra also said it has decided to participate in the bidding. AGENCIES

Avesthagen, Chile's Uxmal form alliance

Chennai: Avesthagen, a biotech firm, has entered into an alliance with Uxmal, a Chilean biotechnology firm. The JV partners will promote research and development of bioactives for commercialisation and use in products like functional foods and healthcare.

An investment of \$6 million will be needed for the new firm Avesthagen Latam, wherein the Chilean government will be providing 40% grant.

Avesthagen's financial as well as strategic investors include Fidelity, Tata Industries, ICICI Venture Emerging Sector Funds and Group Danone. "We are excited about this plant found in Antarctica on which Uxmal has done 10 years of research. Known as Deschampsia antarctica (Antarctic hair grass), it has components that can fight cancer, skin problems due to UV lights. We will be first doing tissue culture and some development work will be done in India," said Dr Viloo Morawala Patell of Avesthagen. TNN

Food prices climb up and up

Rupali Mukherjee | TNN

New Delhi: It's a double whammy for consumers. While the slowdown in the economy is hurting them on the salary front, the monthly food bill — the single largest item of expenditure for most middle-class families — is rising by over 15% year-on-year.

Prices of items of daily consumption like dal, rice, sugar, eggs have been increasing over the last few months, even as inflation witnessed a downward spiral since November last year. In fact, prices of staples like atta and items of daily consumption are expected to hold at the present level, and the bad news is that consumers should not expect them to come down, at least for now.

This is when most commodities are becoming cheaper — wheat prices are globally down by 50-60% year-on-year. However, there is very little impact on the retail prices of branded atta. Analysts say that companies are unlikely to reduce prices of staples as they know that the demand for them is inelastic — whatever be the price, people will continue to buy them at the same level. Against this, in a recession, impulse-led purchases — chocolates — may become cheaper, going forward, says Anand Ramanathan of KPMG.

As per estimates, an individual



There is hardly any respite in the case of fruits and vegetables, with their prices steadily rising by 10% to 12% over the last six months

spends around 35-40% of his income on food. If the monthly expenses on food are increasing, with meagre or no increase in the salary, he is in a tight spot. The scenario becomes bleak in an uncertain economic environment worsened by increasing job cuts, freeze on increments and a slower hiring by companies.

Looking at average retail prices, over the last month, retail prices of sugar have increased by over 11% with branded sugar available at Rs 30 in the market, while that of dal (arhar) have gone up by nearly 15-17%.

Prices of eggs have increased by 13-15% over the last three months.

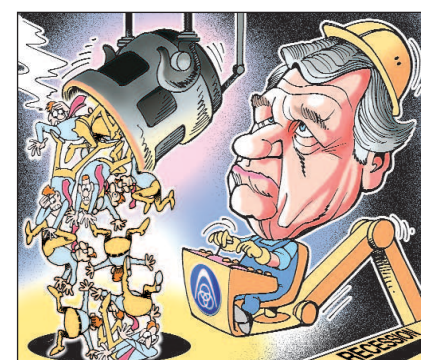
There is hardly any respite in the case of fruits and vegetables, with their prices steadily rising by 10%-12% over the last six months.

The weighted average retail price of fruit and vegetables moved in the range of Rs 16.40-18.30 per kg during Sept'08 to Nov'08 and Rs 12.85-14.15 per kg during Dec'08 to Feb'09.

Sunil Bansal, CEO (Fruits & Vegetables), Mother Dairy Fruit & Vegetable says, "The main reason for high prices was damage to the major fruit and vegetable crops like onion, tomato, apples, cucurbits and other seasonal vegetables due to erratic rainfall in June-August last year. Although the winter months have remained warmer, the summer crops are more or less normal and the weighted average retail prices are likely to remain in the normal range of Rs 12.50 to Rs 14.25 per kg during April-June."

And non-vegetarians have not been spared either. Prices of chicken and mutton have witnessed an increase of 20%-30% over the last few months. Though prices of edible oils (soyabean) have been declining in line with the global rates, the retail price has not fully adjusted to the wholesale price, a leading market player said. From August onwards, global soyabean prices moved up from \$450 to \$1,400 till October-November. Now, they have come down to \$640 per tonne. A part of the country's soyabean demand is met by imports.

EXECUTIVE DIGEST



CUTTING WORKFORCE: Ekkehard Schulz-led ThyssenKrupp plans to shed more than 3,000 jobs as it struggles with falling sales

Gold up Rs 240

Gold prices spurted by Rs 240 per 10 grams to end at Rs 15,425 in Mumbai on Friday on persistent stockists buying following sharp overnight rally in New York. Silver also shot up coupled with firm trend in overseas market.

Ultra Motor plans unit near Gurgaon

UK-based electric vehicle maker Ultra Motor is mulling to set up an assembly unit near Gurgaon in Haryana. The company plans to launch as many as six products and increase its dealership network to 300 from the existing 170, in the next fiscal.

9 cos apply for CPT's container project

L&T Transco Pvt Development Project Ltd, Navayuga Engineering, DP World, IL&FS Maritime Infra, Vadinar Oil Terminal, Mundra Port and SEZ, Lanco Infratech, FGI Group of companies, Malaysia and GVK-Leighton Consortium, Mumbai have submitted their Request For Qualification (RFQ) for Chennai Port's a container megaterminal project.

Binani eyes listing in UK's AIM

Braj Binani group's Binani Cement Ltd (BCL) plans to list on the LSE's Alternative Investment Market (AIM) by 2011-12. BCL has already been listed on BSE and NSE through a dilution of 10% stake by JP Morgan.

LifeCell launches cord tissue banking

LifeCell International, India's first & the largest stem cell banking service provider, launched the umbilical cord tissue banking service in India. The technology to harness the potential of umbilical cord tissue can be used to treat ailments like heart disease, Type I Diabetes, Crohn's Disease & Osteoarthritis.

Axis Bank to install fraud-proof ATMs

Axis Bank will deploy 400 new automated teller machines made by NCR Corporation, equipped with surveillance that captures the image of the user along with transaction details, from NCR Corporation. TNN & AGENCIES

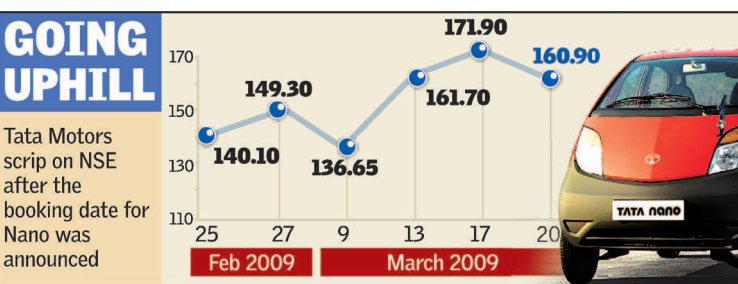
Tata eyeing 10L Nano bookings

Harit Mehta | TNN

Ahmedabad: Tata Motors' Nano, the world's cheapest car, is poised for another milestone. The company is likely to book a whopping 10 lakh cars in the first fortnight starting March 23, sources in the auto company said.

The previous best in India was Fiat Uno, which did about 2.90 lakh bookings in 1995-96. Simply put, this means a collection of Rs 7,000 crore in a span of two weeks as booking amount for each car will be around Rs 70,000.

All dealers of Tata Motors and select branches of State Bank of India (SBI) will accept bookings simultaneously across the country.



The first batch of cars will roll out from the Pantnagar plant in Uttarakhand, which has a capacity to produce only 3,000 cars per month. Situation will ease only after the company's Sanand plant near Ahmedabad — which will have an initial capacity of producing 250,000 cars per annum — becomes operational in one year.

A survey by rating agency Crisil suggested that Nano's launch could ex-

pand the Indian car market by 65%. The increase in the market is expected to push up car sales by 20% over previous year.

Allotment will be made through a draw and, going by projections even during this recession, those at the top of the draw would have the choice of becoming proud owners of the first Nano cars, or getting a premium in the black market.

'India safe from fin doldrums'

TIMES NEWS NETWORK

Chennai: While the banking system worldwide is in doldrums, the Indian financial sector is largely insulated due to the proactive measures taken by the regulator. This was a sentiment shared by top bankers who participated in the 'Bank on India' seminar organised by Times of India Group in the city. They argued for an urgent need to kick start turnaround.

"It is better to light a candle," P R Kuppuswamy, chairman, Karur Vysya Bank, said, adding that banks should start lending to local industries in a big way.

M S Sundara Rajan, CMD, Indian Bank, said the need of the hour for banks was to innovate to keep ahead of competition. "Banks should become a one stop financial

Banks should become a one-stop financial shop. The need of the hour for banks was to innovate to keep ahead of competition

M S Sundara Rajan
CMD, INDIAN BANK

shop." J Chandrasekaran, chief general manager, SBI, dwelt on the challenges of faced by public sector banks on attracting the right talent. "We have to use new tools like e-learning instead of just sending our employees to training colleges. The work culture has changed and banks can no longer rely on walk-in customers alone,"

said Chandrasekaran.

"In the current scenario, banks would have to look at strengthening their capital base," said VS Reddy, managing director, Lakshmi Vilas Bank. And as banking banking goes mobile, new challenges have emerged on the scene. "As internet banking and mobile banking have become popular, a key challenge is security. Banks have to invest in technologies such as anti-money laundering software," opined G Narayana Moorthy, managing director, Tamilnad Mercantile Bank.

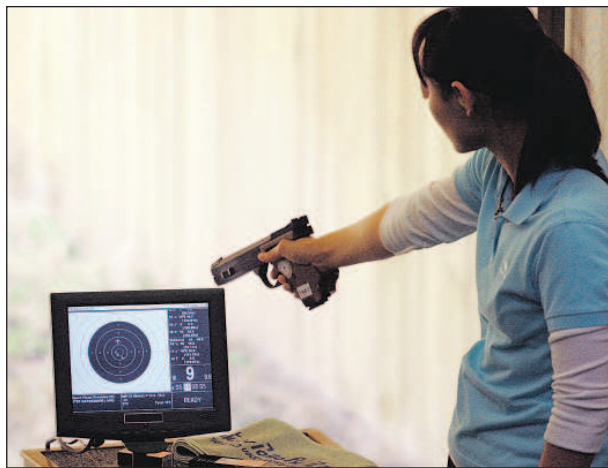
TMB, he said, has started two mobile branches. "We are now getting into areas and localities which have never seen a bank branch. The key point is to use technology to reach out to the unbanked masses."

Skip SIP, use trigger to ease mkt flux

Kumar Shankar Roy | TNN

Chennai: Most of us would have a simple systematic investment plan (SIP) putting money usually on a monthly basis into mutual funds. But that strategy has backfired in a continuously falling market and the theory of rupee-cost averaging could mean that you have bought on the downside of a collapsing stock price! To avoid such issues and earn better from your hard-earned money, experts suggest using intelligent SIPs like systematic transfer plan (STP) or systematic withdrawal plans (SWP) based on a number of triggers.

Under a pure SIP, an investor commits making a regular fixed investment in a particular mutual fund/deposit and your investments are staggered. But timing is crucial; an early start of a basic SIP does not necessarily guarantee higher returns and an early exit could make the difference. For example, a person who invested for 7 years starting Jan 2001 and exited in Jan 2008 will have earned 21% returns. Another, who invested for just four years starting Jan 2001 but exiting



MAXIMISE RETURNS: Trigger-based investing always makes sense

on Jan 2004, will have netted higher returns of 24%. "Intelligent investing is all about flexibility and cashing out at the right time. We have seen good response to STP," a senior executive at one of the top five fund-houses said.

An STP allows you greater control of the outcome of your investments than just a SIP. "An STP helps you reach your financial goals by investing a fixed sum in your chosen fund for a pre-determined number

of instalments. This allows you to transfer money from say, liquid or debt schemes to equity schemes based on a number of target-based triggers like index levels, appreciation limit and even at a particular investment value," said Jaideep Bhattacharya, chief marketing officer of UTI MF. This could mean you can invest when sensex hits 8,000 and put the money into a debt fund two months down the line when the index touches 10,000.

An investor can even withdraw money by using similar triggers by specifying the event and the amount or the number of units to be redeemed. But instead of keeping the money idle, he/she can invest it back into a stable scheme if stocks become too volatile. "Trigger-based investing always makes sense. If you want to get into stocks but don't want to commit too much money at one go, STP is the thing for you. If you have Rs 1 lakh, put that money into an income fund and programme monthly or any other trigger-based investments of Rs 10,000 at one go," Dharendra Kumar of ValueResearch, a MF tracking firm, said.

An investor can benefit by availing of these facilities and avoid the regret of not exiting when sitting at profits, say a trigger of 25%. To maximise returns, experts advise MF investors to go for partial use of STP/SWPA via media could be partial use of SWP/STP as per the investment goals set earlier. This will also help in taking out partial profits and enable riding the volatility in future returns," an official from HDFC Securities said.

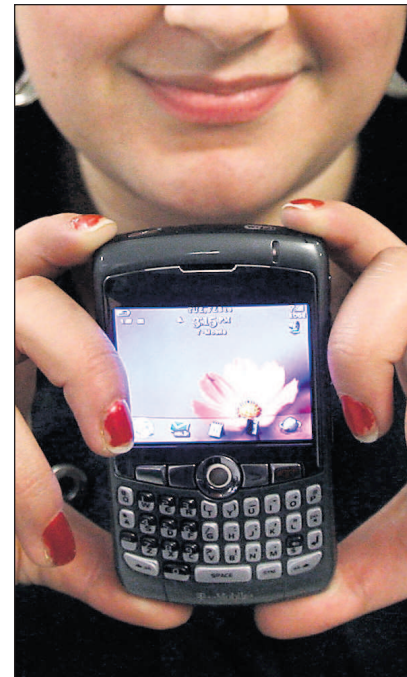
VAS a disconnect with cell users

Nidhi Mukundan | TNN

Chennai: With telecom companies planning to bank on value-added services like SMS, music downloads and interactive gaming to shore up revenues generated per subscriber — simply creating awareness could be the first step. Most Indian users do not know they can download and listen to 15 minutes of music from mobile phone for a fee, a recent study says pointing out the abysmal awareness levels about VAS (value added services).

VAS contributes only about 7% to 8% of the average revenue per user (ARPU). Awareness is the key and that could be a reason why telecom companies are not able to reap benefits. "To even make value-added services part of the revenue earning scheme, companies need to increase awareness about their products to existing customers," said Rohan Samarajiva, CEO of LIRNEasia, a telecom analytics firm. While minutes of usage for voice services like calls are theoretically limited (and so are revenues), VAS offers another viable revenue source.

Only 10% of the bottom of the pyramid (BOP) Indian mobile users are even aware about premium SMS facility (like voting on a reality show) offered by service providers, according to a report by LIRNEasia. There are close to 369 million mobile users, this figure also includes people who borrow phone since in BOP families people share phones. Each BOP (prepaid) user is estimated to spend close



VAS! WHAT'S THAT?

to Rs 100 to Rs 200 per month.

On the other hand, the same users in countries such as Sri Lanka and the Philippines have higher awareness levels of 50% to 60% and consequently generate better revenues from VAS.

Telecom firms are not oblivious to the low awareness levels. "There has been regular advertising on television covering a number of VAS products and services. In addition, VAS has been promoted through road shows, special camps and through SMS/out-bound dialers to customers," said an Airtel official.

Even SMS don't garner much support with only 33% of Indian users sending text messages. "People are very price-sensitive. There is a high preference for sending 'missed call' (84%) compared with other south-east Asian countries," Samarajiva said. Only 22% of Indian users even recharge through the e-charge facility, this simply shows their low comfort levels with such facilities.

In terms of contributions, caller ring-back tunes are the most popular contributing 45% of VAS revenues. Premium SMS is second largest revenue contributor at 32%, followed by voice portals (music, jokes by dialing into an interactive voice response) which have a 13% revenue share.

Telecom firms think VAS usage is going to pick with time. Kumar Ramanathan, head of operations, Vodafone (South) feels revenues from VAS will overtake revenues from calls. The highest use of a mobile phone is taking and receiving calls — 99%.

"For value-added services to succeed, there needs to be a combination of right choices and right prices to the right audience," Ramanathan said.