

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

MONTHLY COMMERCIAL REPORT February – 2013

Important Commercial News – February 2013

US Media Firm Acquires Stake In Graphic India

CA Media, LP, the Asian investment arm of Los Angeles based The Chernin Group, LLC (TCG), has acquired a large minority stake in Graphic India, a comic book and animation company.

Graphic India is focused on creating mythological and superhero characters, comics and stories for the Indian youth market, published across mobile and online platforms.

Launched last year by media entrepreneurs Sharad Devarajan, Gotham Chopra and Suresh Seetharaman as a subsidiary of US comic book company Liquid Comics, it will now be jointly owned by Liquid Comics and CA Media.

Devarajan will be appointed CEO of Graphic India and will remain Executive Chairman of Liquid Comics, according to a news release.

As part of the transaction, Liquid Comics will contribute one of the world's largest and highest-quality comic book libraries based on Indian characters to Graphic India.

In addition to CA Media's investment, it will partner with Graphic India to provide industry expertise and create iconic franchises for Graphic's characters through multiple media within the Indian entertainment ecosystem, the release said.

"India is home to some of the most creative minds in the world, and we believe that the next Batman, Harry Potter, Pokemon or The Avengers, can come from this country," said Graphic India, Co-Founder & CEO, Sharad Devarajan.

"At Graphic India, we intend to find, nurture and promote a new generation of creators to transform the world with their stories. The team at The Chernin Group and CA Media bring an unparalleled level of experience in entertainment and we could not imagine a better partner to work with to launch this mission."

Graphic India intends to launch numerous new projects in the upcoming year showcasing original stories from young breakthrough talent as well as established Indian and global icons, the news release said.

US trade body shifts focus to port sector in India

The US Trade Development Authority (USTDA), hitherto focussing mainly on the aviation sector in India, wants to focus on ports in the country, especially major ports such as Visakhapatnam, and extend financial and technical support for the mutual benefit of both countries, according to Mehnaz Ansari, country representative.

She was interacting with the members of the Vizagapatam Chamber of Commerce and Industry at a seminar organised in the chamber on ports here on Friday. She said India was a priority country for the USA and the authority had organised several reverse trade missions, especially in the aviation sector, for the benefit of Indian companies. "We also give grants, hold conferences and workshops, take up pilot projects and extend technical assistance. We focus on tier-two cities and small companies," she said.

A huge US-India aviation summit was planned for December this year in Washington, she said.

The authority had taken up a pilot project in Chennai airport in association with the Airports Authority of India for smooth landings and take-offs.

“However, till now, we have not taken up port development activities. We want to take it up now,” she said. Visakhapatnam, with a major port and a container terminal, had the potential for deriving benefit out of it. As there was an American Business Corner in the local chamber, the local companies should make use of it, she said.

She also said even small companies, in existence for a minimum of three years and with a good track record, can make use of the opportunity.

Minister Counsellor for Commercial Affairs Judy Reinke said there were 53 urban centres in India with a population of more than a million, including Visakhapatnam, and all these emerging tier-two and tier-three cities could make use of the programme.

Katherina Dhanani, Consul-General, said it would be a win-win situation for both the American and Indian companies.

K. Krishna Kumar, of KR & Sons, sought the help of the USTDA in handling dirty bulk cargoes such coal and iron ore handled at Visakhapatnam and other Indian ports in a more eco-friendly manner.

“If low-cost technologies are available, we will import them,” he said.

M. Narayana Rao, Secretary-General of the chamber, welcomed the gathering. Earlier, State Minister for Ports and Infrastructure G. Srinivasa Rao interacted with the members of the delegation, but he did not participate in the seminar.

Apple TV, now in India

Apple has quietly rolled out its media streaming device, Apple TV, in India at a starting price of Rs. 8,295.

With the launch of Apple TV, the company’s full portfolio of Apple products are finally available in India.

Not to be confused with the company's rumoured television set, Apple TV allows consumers to wirelessly stream media content from their iTunes account to their television.

An Apple spokesperson, who confirmed the development, said that the device would be out in retail stores over the next week.

"Yes, we have launched the product. It will be out in our authorised resellers in the next seven to ten days," the spokesperson said.

The move comes less than two months after Apple launched its iTunes store in India, selling high-definition movies at prices starting from Rs. 490.

Apple TV is widely expected to be part of a bigger rollout of the company's rumoured television set as it would help smooth out any possible compatibility issues.

IIT Madras talks joint PhDs with US universities; move to improve profile of students

[Indian Institute of Technology](#) Madras (IITM) director [Bhaskar Ramamurthy](#) and external relations dean R Nagarajan set off on a rather unusual mission: to ask [American universities](#) whether they were interested in offering joint PhD programmes with IIT Madras.

The IITs have got the best undergraduate students in India - probably in the world - but their PhD programmes were not going too well. Most IIT undergraduates left for high-paying jobs or management education after their degree and the remaining went for PhD in overseas universities.

All the IITs were working to change this, and [IIT Madras](#) had found its own unique method. Ramamurthy and Nagarajan went to 20 American universities. These universities were not picked at random. They had IIT Madras alumni as senior faculty who could be used to broker relationships.

IIT Madras, like many top institutions, had a number of collaborations between the faculty in many universities. But Ramamurthy wanted to take the collaboration to a deeper level culminating in a joint [PhD programme](#) in the near future.

IIT Madras had one such programme with [National University of Singapore](#), but it had not gone too well -- only one student had used it in six years. Ramamurthy wanted to sow the ground first with US universities before offering joint PhD programmes. Their tour went exceptionally well. US universities were too keen to collaborate with IIT Madras.

[Michigan State University](#) was eager to get to a joint PhD programme quickly, as soon as later this year. Two others, [Purdue University](#) and the [University of Maryland](#), also wanted to move on to deeper relationships culminating in a joint PhD programme.

IIT Madras expects more US universities to join this list soon which should expand to include universities from other countries. Taiwanese universities are at the top of the list outside the US since they found many IIT PhDs end up in the Taiwanese semiconductor firms.

The Shift

The IITs are now in the middle of a paradigm shift as they try to morph from world-class teaching institutions to world-class research centers. Their PhD students are an important part of this shift.

But they have not been able to persuade their undergraduate students to do PhDs in their own institutions. Integrated programmes for undergrads have had very few takers while their masters and PhD students come from other engineering colleges, and often with inadequate preparation for the rigour of a PhD programme.

Most of them do not get exposed to global trends during their PhDs and the IITs do not get foreign students to any significant degree. Meanwhile, IIT faculty has got strong hints about the possibilities of sending students abroad.

"We've seen students who go abroad come back transformed," says Ramamurthy. IIT faculty has found that students who spend some time abroad on collaborative projects are better prepared for continuing their research work here. They also meet students from many countries and get a better sense of their own place in the global education ecosystem.

Unlike the great universities, IITs are not ethnically-diverse campuses. Foreign research students come to India in small numbers but IITs and other institutions are keen to increase their presence. "A joint PhD is a good way to bring visitors to our own campuses," says Ramamurthy.

Largest US trade delegation to attend Aero India show

Aiming for a sizable pie of the multi-billion dollar Indian air defence sector, Corporate America is sending one of its largest industry delegations to the Aero India 2013 show in Bangalore where it would put on display the best from the United States.

Seen as a Corporate America effort to move beyond the set back it experienced in the multi-billion Indian fighter jet deal, the high-powered Executive Defence Mission of US India [Business Council](#) (USIBC) to the [Aero India show](#) beginning February 6 is also scheduled to meet top Indian officials, especially from the Defence Ministry and research institutes.

In a joint interview to PTI, leaders of the delegation Lt. General Jeff Kohler (retired), Vice President, [Boeing](#) Military Aircraft, and Vice Admiral (rtd) Kevin Cosgriff, Senior Vice President, International Business & Government, Textron

Systems, said there is "immense potential" of cooperation between the two countries in the defence aid sector.

Referring to the unique advantage that India has in terms of huge engineering talent, growing production capacity and regional expertise, Cosgriff said the US industry is "eager to initiate programs" with the Indian defence industry, particularly in the field of co-production and R&D.

Given India's burgeoning needs in the air defence sector, Kohler argued that the US industry "leads the way" in offering the most advanced technology with long-term support.

However, neither Cosgriff nor Kohler were willing to offer the details of what is in the offing for India.

Kohler and Cosgriff said the USIBC and the US companies separately made presentations to the US Deputy Secretary of Defence, Ash Carter, who has been asked to work with Indian officials on reducing bureaucratic bottlenecks to increase defence trade between the two countries.

USIBC president, Ron Somers, said the United States has consistently offered the best-in-class capabilities to India.

Referring to growth of India US defence trade from USD 200 million in 2001 to USD 14 billion today, Somers said recent offerings, including heavy-lift and transport aircraft, Sensor Fuzed Weapons, advanced maritime surveillance aircraft, attack helicopters, and light towed howitzers, all speak to a high level of trust and cooperation between the two countries.

USIBC Executive Defence Mission to the Aero India 2013 would have representations from companies, including ATK, BAE Systems Inc, Bell Helicopter, Boeing, DuPont, Exelis, FLIR, [General Electric](#), Gulfstream Aerospace Corp, Harris, Honeywell, L-3 Aviation Products, [Lockheed Martin](#), Northrop Grumman, Raytheon, Rockwell Collins, Sikorsky, Textron Systems, Telephonics Corporation and Tyco.

During the Aero show, the US is scheduled to display recently acquired C-17 heavy lift aircraft, C-130J Super Hercules, F-16 and KC-135, among others.

Armored security and light combat vehicles, tactical communications equipment, integrated weapons systems, thermal imaging technologies and network munitions systems are also expected to be on display.

US trade officials file case over India's solar program

U.S. trade officials filed a case against India arguing that their government's solar program favors their own products and discriminates against imports from the United States.

U.S. Trade Representative Ron Kirk announced Wednesday that the United States is asking the World Trade Organization (WTO) to begin to dispute settlement consultations over India's three-year-old national solar program, which they contend is requiring solar companies to buy only Indian-made solar products while offering subsidies to companies that make those purchases.

"Let me be clear, the United States strongly supports the rapid deployment of solar energy around the world, including with India," Kirk said.

"Unfortunately, India's discriminatory policies in its national solar program detract from that successful cooperation, raise the cost of clean energy and undermine progress toward our shared objective."

On top of requirements to purchase solar cells and modules made in India, the government has said it is considering expanding the scope of the domestic content requirements further to include solar thin film technologies, which make up the majority of U.S. solar exports to India.

"India isn't playing by the rules, and USTR is right to go to the WTO to hold it accountable for its local content requirements," said House Ways and Means Chairman Dave Camp (R-Mich.).

"Unfortunately, India's policies are part of a broader trend that is putting U.S. jobs at risk, inhibiting investment and undermining our ability to sell American goods in other countries."

Camp said he also plans to work closely with USTR to address required localization barriers in India, China, Argentina and elsewhere around the world.

Consultations are the first step in the WTO dispute settlement process, and parties are encouraged to agree to a solution at this stage.

Under WTO rules, if the matter is not resolved through consultations within 60 days, the United States may request the establishment of a WTO dispute settlement panel.

Upbeat Starbucks expands in Capital

US-based global coffee chain Starbucks, which is fast expanding its coffee stores in India in partnership with Tata Global Beverages, has said it expects India to be among its top five markets in the "long term".

The company has been a late entrant in India, opening its first store in October 2012. Its stores are being operated by the joint venture firm Tata Starbucks.

Starbucks, the world's largest coffee chain, refused to divulge specific details, it has chalked out aggressive expansion plans.

"We see India as one of our key markets and expect the country to be one of our top five markets in the long term," said John Culver, president Starbucks Coffee China and Asia Pacific.

Culver, did not spell out "long term" and only mentioned that there was "tremendous opportunity" for the company to grow in India.

Avani Saglani Davda, chief executive officer of Tata Starbucks, said the company would initially target the top 53 cities of the country for its stores.

“We will also forge tie-ups with corporations for a possible coffee store or a kiosk in IT parks or corporate hubs,” he told HT.

India’s organised coffee market, estimated at around R1,500 crore with an annual growth rate of 25%, has hitherto been dominated by Café Coffee Day, Barista Lavazza and Costa Coffee.

The company opened its seventh flagship store within four months, at Delhi’s Connaught Place. More are on the way.

Coffee consumption in India has grown by over 80% over the last decade. An estimated 115,000 tonnes of coffee was consumed in 2011.

Apple signals emerging-market rethink with India push

As BlackBerry launches the first smart phone from its make-or-break BB10 line in India, one of its most loyal [markets](#), the company faces new competition from a formidable rival that has long had a minimal presence in the country.

More than four years after it started selling iPhones in India, Apple Inc is now aggressively pushing the device through installment payment plans that make it more affordable, a new distribution model and heavy [marketing](#) blitz.

"Now your dream phone" at 5,056 rupees (\$93), read a recent full front-page ad for an iPhone 5 in the Times of India, referring to the initial payment on a phone priced at \$840, or almost two months' wages for an entry-level [software](#) engineer.

Apple expanded its India sales effort in the latter half of 2012 by adding two distributors. Previously it sold iPhones only through a few carriers and stores it calls premium resellers.

The result: iPhone shipments to India between October and December nearly tripled to 250,000 units from 90,000 in the previous quarter, according to an estimate by Jessica Kwee, a Singapore-based analyst at consultancy Canalys.

At The MobileStore, an Indian chain owned by the Essar conglomerate, which says it sells 15 percent of the iPhones in the country, iPhone sales tripled between December and January, thanks to a monthly payment scheme launched last month.

"Most people in India can't afford a dollar-priced phone when the salaries in India are rupee salaries. But the desire is the same," said Himanshu Chakrawarti, its chief executive.

India is the world's No. 2 cellphone market by users, but most Indians cannot afford fancy handsets. Smartphones account for just a tenth of total phone sales. In India, 95 percent of cellphone users have prepaid accounts without a fixed contract. Unlike in the United States, carriers do not subsidize handsets.

Within the smartphone segment, Apple's Indian market share last quarter was just 5 percent, according to Canalys, meaning its overall penetration is tiny.

Still, industry research firm IDC expects the Indian smartphone market to grow more than five times from about 19 million units last year to 108 million in 2016, which presents a big opportunity.

Most smartphones sold in India are much cheaper than the iPhone, said Gartner analyst Anshul Gupta.

"Where the masses are - there, Apple still has a gap."

'I LOVE INDIA, BUT...'

Apple helped create the smartphone industry with the iPhone in 2007. But last year Apple lost its lead globally to Samsung whose smartphones, which run on [Google](#) Inc's free Android [software](#), are especially attractive in Asia.

Many in Silicon Valley and Wall Street believe the surest way to penetrate lower-income Asian markets would be with a cheaper iPhone, as has been widely

reported but never confirmed. The risk is that a cheap iPhone would cannibalize demand for the premium version and eat into Apple's peerless margins.

The new monthly payment plan in India goes a long way to expanding the potential market, said Chakrawarti.

"The Apple campaign is not meant for really the regular top-end customer, it is meant to upgrade the 10,000-12,000 handset guy to 45,000 rupees," he said.

Asked last year why Apple had not been as successful in India, Chief Executive Tim Cook said its business in India was growing but the group remained more focused on other markets.

"I love India, but I believe that Apple has some higher potential in the intermediate term in some other countries," Cook said. "The multi-layer distribution there really adds to the cost of getting products to market," he said at the time.

Apple, which has partly addressed that by adding distributors, did not respond to an email seeking comment.

BlackBerry, which has seen its global market share shrivel to 3.4 percent from 20 percent over the past three years, is making what is seen as a last-ditch effort to save itself with the BB10 series.

The high-end BlackBerry Z10 was launched in India on Monday at 43,490 rupees (\$800), close to the 45,500 rupees price tag for an iPhone 5 with 16 gigabytes of memory. Samsung's Galaxy S3 and [Galaxy Note 2](#), Nokia's Lumia 920 and two HTC Corp models are the main iPhone rivals.

Until last year, BlackBerry was the No. 3 smartphone brand in India with market share of more than 10 percent, thanks to a push into the consumer segment with lower-priced phones. Last quarter its share fell to about 5 percent, putting it in fifth place, according to Canalys. Apple was sixth.

Trade Enquiries

This office was approached by the following companies regarding trade related enquiries during the month:

- 1 Fashion Home Store, Ventura CA
- 2 Michael Siller, Long Beach CA
- 3 Gangamanai Fashion, Jaipur, India
- 4 Pacific American Fish Co., Vernon, CA
- 5 BioRise India Pvt. Ltd., Mumbai, India
- 6 H.C. Foods Co. Ltd., Commerce, CA
- 7 Lords Marketing, Kolkata, India
- 8 M.K. Roy, India
- 9 R.M. International, Tamil Nadu, India
- 10 Kyros Ceramics, Gujrat, India
- 11 Snow Falcon International, Coimbatore, India
- 12 Young Hands Exports, Tamil Nadu, India
- 13 Sangvi Polyfil Pvt. Ltd., Mumbai, India
- 14 Jhhaps Industries, Mohali, India
- 15 Handicraft India, Gujrat, India

Appropriate information was provided to the above as requested.

Trade Disputes:

Magnum Sea Foods Ltd. Bhubaneswar, Odisha, India approached us for the non-payment of the balance amount for the goods supplied to Sea Wealth Products Inc. Alhambra, CA. We have sought some more details from the supplier before we take up the issue with the buyer.

Business Visas

The Consulate General of India, San Francisco issued **1641** fresh Business visas during the month.

