

**CONSULATE GENERAL OF INDIA**  
**SAN FRANCISCO**

**MONTHLY COMMERCIAL REPORT OCTOBER 2014**

**Important Commercial News – October 2014**

**1 U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES**

Goods and Services

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced today that total August exports of \$198.5 billion and imports of \$238.6 billion resulted in a goods and services deficit of \$40.1 billion, down from \$40.3 billion in July, revised. August exports were \$0.4 billion more than July exports of \$198.0 billion. August imports were \$0.2 billion more than July imports of \$238.3 billion.

In August, the goods deficit increased \$0.1 billion from July to \$59.9 billion, and the services surplus increased \$0.3 billion from July to \$19.8 billion. Exports of goods increased \$0.1 billion to \$138.8 billion, and imports of goods increased \$0.1 billion to \$198.7 billion. Exports of services increased \$0.4 billion to \$59.6 billion, and imports of services increased \$0.1 billion to \$39.9 billion.

The goods and services deficit increased \$0.6 billion from August 2013 to August 2014. Exports were up \$7.9 billion, or 4.1 percent, and imports were up \$8.4 billion, or 3.7 percent.

For the three months ending in August, exports of goods and services averaged \$197.6 billion, while imports of goods and services averaged \$238.0 billion, resulting in an average trade deficit of \$40.4 billion. For the three months ending in July, the average trade deficit was \$41.5 billion, reflecting average exports of \$196.8 billion and average imports of \$238.3 billion.

## 2 2014 : U.S. trade in goods with India

*NOTE: All figures are in millions of U.S. dollars on a nominal basis, not seasonally adjusted unless otherwise specified. Details may not equal totals due to rounding.*

Month	Exports	Imports	Balance
January 2014	1,582.4	3,675.4	-2,093.0
February 2014	1,366.9	3,043.0	-1,676.1
March 2014	1,714.2	3,882.2	-2,168.0
April 2014	1,401.1	4,457.9	-3,056.8
May 2014	1,736.8	4,102.3	-2,365.5
June 2014	1,907.5	3,231.7	-1,324.3
July 2014	1,855.9	3,918.3	-2,062.4
August 2014	1,920.1	3,859.7	-1,939.6
<b>TOTAL 2014</b>	<b>13,485.0</b>	<b>30,170.6</b>	<b>-16,685.5</b>
<b>August 2013</b>	<b>2,068.8</b>	<b>3,615.6</b>	<b>-1,546.8</b>

## 3 Microsoft to set up cloud data centers in India

Microsoft will have local data centers for its commercial cloud services in India by the end of 2015, CEO Satya Nadella announced in the capital. Nadella did not disclose the amount invested in the project or the number of hires that will need to be made for the data centers.

"As we get started, you will be able to see the scale of the data centers. We're pretty excited about the scale. 900 million end points will drive this," said Nadella, referring to the number of mobile phone users in India. "A mobile first world can't exist without a cloud first world," he said. Talking about the potential of the cloud services market, Nadella said, "The cloud opportunity in India is a trillion-dollar opportunity.

World class cloud infrastructure is going to help Indian government and entrepreneurs to revitalize productivity of the Indian economy.

These are early days of traction in the Indian space with cloud and we are excited about its progress." Cloud computing makes data and software available remotely, and can be used by individuals and corporations alike. The Microsoft website says that it "operates between 10 and 100 data centers located around the world." "Our customers and partners in the country, including government departments will benefit from data sovereignty, lower latency and geo redundancy with the availability of local infrastructure. Demand for Microsoft's cloud services in India has grown nearly 100% (in revenue terms) in the past year," Bhaskar Pramanik, chairman of Microsoft India, told TOI over email.

"Establishment of our services from local data centers is the most logical move for us, going forward. It is a significant investment milestone for the citizens of India, Indian businesses, small and medium enterprises, and the developer ecosystem," said Pramanik, adding that with this move, they can "help make Digital India a reality".

### **3 Uber's cheaper cab line to drive into Mumbai, Pune**

Ride-sharing app Uber is launching its affordable line of UberX cabs in Mumbai, Chennai and Pune. It will also slash prices for its flagship line Uber Blacks in Delhi, one of its fastest growing markets in the country, by as much as 25%, a company spokesperson said.

Priced 25-40% lower than Uber Blacks, UberX claims to be cheaper than even a radio cab with a base fare of Rs 50 and per km charges in the Rs 14-15 range. UberX is already present in Bangalore, Delhi and Hyderabad. The launch of its cheaper line in more cities, and continued fare reduction, come in the backdrop of Uber and local transportation startups like Olacabs and TaxiforSure duking it out in a hotly contested local cab rental market.

Bangalore-based Olacabs recently brought down prices for both its offerings - Sedan and Mini - along with launching a new service called Ola Prime. So a ride in an Ola Mini (typically a Nissan Micra) costs Rs 10 per km, while in a Sedan it's Rs 13 per km.

It has also introduced Ola Money wallet that allows commuters to recharge through the cab startup's mobile app. Uber, on the other hand, subscribes only to a cashless payment model wherein customers are charged automatically on their stored credit cards once the ride ends which, according to the RBI, flouts the two-step verification mandated by the central bank.

In a recent interview with TOI at its San Francisco headquarters, Ryan Graves, head of global operations at Uber, said that UberX was growing "incredibly faster" compared to the more expensive Black service across cities where both options were present. "UberX is accessible to a much larger population because it's affordable," he said. Talking about the price cuts in India from Uber and players like Olacabs, he said that as the market grows, Uber will keep a close eye on competition. "It also gives us the opportunity to stay focused and motivated."

#### **4 Yahoo set to downsize India engineering ops**

Internet search company Yahoo is consolidating its Indian operation, setting off speculation that it was laying off employees, a number variously put between 400 and 2,000.

"We are making some changes in the way we operate in Bangalore leading to consolidation of certain teams into fewer offices," said a Yahoo India spokesperson in a statement. But there was no mention of layoffs, which are to take effect one month from now on November 7, with those fired getting between five and 10 months salary as redundancy pay.

The layoffs follow massive pressure on CEO Marissa Mayer from large investors, such as Starboard Value, to cut Yahoo's bloated cost structure. Yahoo, which pioneered internet search along with some other now mostly defunct companies has attempting to revive its fortunes under Mayer, who was appointed two years ago.

NextBigWhat, a website that first reported the layoffs, said the company planned to fire 2,000 of its 2,250 employees at its Software Development Center (SDC) in Bangalore. These firings would be the biggest by the company, which has struggled to retain its competitiveness despite a series of senior-level changes.

HT spoke to more than a dozen employees of Yahoo's SDC in Bangalore but all of them declined to discuss the matter. The spokesperson, too, declined to say anything beyond the official statement.

TechCrunch, a website specializing in IT news, put the number of layoffs at 400, however, saying those affected are mainly working in product engineering. It added a statement from the company: "Yahoo will continue to have a presence in India and Bangalore remains an important office."

Yahoo is indeed consolidating its operations. It closed offices in Carlsbad, California last month to move software teams closer to the company's home base in Sunnyvale in the same state. Yahoo recently acquired an Indian technology startup Bookpad for Rs. 50 crore.

The company, that once dominated internet search, has struggled in recent years, with its investments in Alibaba, the Chinese e-commerce giant, proving to be its best assets.

## **5 Boeing offers Air India \$24 mn for Dreamliner woes**

US aircraft maker Boeing has offered a compensation of \$24 million to Air India (AI) for the losses suffered by the airline as a result of the repeated grounding of the B787 Dreamliner. The amount offered by Boeing is approximately half of what India's national carrier had asked for.

The Boeing 787 has been a source of constant trouble for AI. Till June, 318 cases of delays had been reported due to technical snags in the Dreamliner.

"Boeing has agreed to a compensation of \$ 24 million, which is approximately

half of the compensation asked by Air India,” said the minutes of the meeting of the oversight committee that is overseeing the implementation of AI’s ‘turnaround plan’. AI did not offer comments for the story. Sources said negotiations were on between the two sides on the quantum of compensation to be paid.

An AI official, who did not wish to be named, said the compensation amount of \$48 million that the airline was demanding from Boeing had been arrived based on the actual cost incurred on account of servicing the aircraft loan during grounding, retraining of pilots and commercial cost.

Sources said AI has requested the aviation ministry to nominate an official to negotiate with Boeing.

## **6 Amazon to sell packaged food and beverages in India**

Online retailer Amazon.com Inc plans to sell packaged food and beverages in India from mid-October, the Economic Times reported, citing a person familiar with the matter.

Amazon, which has already started accepting bookings for Coco-Cola Zero - the beverage's low-calorie variant, will eventually start selling fresh food in India, the ET said. Amazon is already in talks with brands like Kelloggs and Cornitos, the paper said.

Amazon, which opened its Indian website last June, has drawn up the battle lines by slashing prices, launching same-day delivery, adding new product categories and embarking on a high-voltage advertisement campaign.

In July, Amazon said it will invest a further \$2 billion in India after the country's largest e-tailer Flipkart attracted \$1 billion of fresh funds, raising the stakes in a nascent but fast-growing e-commerce sector.

## **7 Trade Delegations:**

No trade delegation visited India from the jurisdiction of this Consulate.

No trade delegation visited the jurisdiction of this Post from India during the month.

## **8 Trade enquiries:**

The following organizations / individuals approached this Consulate for trade related queries and all of them were given appropriate replies.

- a Velan Impex, Chennai
- b Wave Visions & Inmed Equipments Pvt. Ltd., Vadodara
- c Raha World Connection, India
- d Ms Victoria Cowan
- e Mr. A. Duraisamy, India
- f Jude Equipment Pvt. Ltd., Chennai
- g TNK Exports, India
- h Chennai Tradex, Chennai
- I Tolaram Overseas Corporation, Kolkata
- J Mr. Chris McDuffie, San Diego, CA
- K Redsun Pyechem, Ahmedabad

## **9 Visas**

During the month of Oct. 2014 this Post issued **7096** Tourist & **1622** Business Visas.

Purshottam Bhatnagar  
Commercial Officer  
Consulate General of India  
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