

Green resources to colour GDP

India is expected to begin the greening of its national income accounting starting next year, making depletion in natural resources wealth a key component in its measurement of gross domestic product (GDP).

The Ministry of Statistics and Programme Implementation is now readying a national database to calculate the cost of depletion of natural resources in the process of economic expansion, a government official said.

"Research outfits from various states are pitching in to form a national database of natural resource accounting (NRA) which should be ready next year. Once it is in place, we can calculate the cost of recovery of polluted resources, which has to be used as a deflator to real GDP. Our green GDP may be significantly lower than real GDP as econom-

ic growth is resource-intensive," an official in the Ministry of Statistics said.

The concepts of NRA and Green GDP have for long been debated by economists mainly due to a lack of consensus on how natural resources should be valued. But with traditional indicators of growth such as GDP being increasingly considered inadequate, these concepts are gaining acceptance," an official of the Ministry of New and Renewable Energy said.

China carried out a similar exercise by publishing its Green GDP for 2004, showing economic losses because of environmental damage at about 3 percent of national income. But the experiment proved to be short-lived: squabbling between government agencies and loss of support for the idea from the political establishment forced its aban-

donment.

The Energy and Resources Institute (TERI) executive director, Leena Srivastava, said that if the country is depleting natural resources for economic growth now, it is more of a liability than an asset. "Green GDP will help take stock of not just the current scenario, but provide a long-term perspective," the official said.

There are several other countries that calculate Green GDP, and developed nations also submit annual reports on greenhouse gas emissions to the U.N. Framework Convention on Climate Change. Over the past two years, India has submitted such data based on all the



sources of fossil fuels that contribute to emissions.

"A Green GDP would definitely be a further step ahead and help the nation monitor the uses and impact of natural resources for the sake of development," consulting firm KPMG's associate director Arun Kumar said.

Suzlon buys of Martifier's stake in Repower

Global wind power giant Suzlon Energy Ltd has completed buying Portuguese company Martifier's stake in Germany's REpower Systems.

In a BSE notification, the company said that after the completion of the final euro 87.6 million payment, it now holds 90.72 per cent of shares and voting rights in REpower Systems.

In May 2007 after months of an intense bidding war, Suzlon Energy Ltd won and acquired REpower.

It achieved the task, while its cash flow was only euro 250 million.

Tulsi Tanti, Chairman and Managing Director, Suzlon, said: "The completion of the purchase of Martifier's stake in REpower is a major milestone for Suzlon. With the transaction behind us, we will focus our efforts on building a mutually beneficial business relation-



ship with Martifier by harnessing the complimentary strengths and business models."

The final tranche of shares, which was an approximately 14.4 percent stake in REpower, was acquired in a two-part payment schedule with a payment of

euro 87.6 million on May 29 and an equivalent amount on June 5.

A spokesperson for Suzlon said that going forward the strategy would be to maintain Suzlon and REpower as two companies and brands.

However, the companies will collaborate for supply chain management. "As Suzlon does not have a Domination Agreement under German law for REpower, it does not receive dividends from REpower nor is the profit shared by the two companies," the spokesperson said.

REpower has a significant footprint in the European offshore wind energy market. As the European onshore wind energy market gets saturated over time, it will provide an opportunity for REpower to further expand its reach in the offshore wind market, the spokesperson added.

India can become a global pharma innovation hub



India has the potential to emerge as a global innovation hub and the U.S.'s collaboration with Indian pharma and health companies will not only help the two countries, but also the entire world, eminent experts and industry leaders said.

Speaking in favour of the U.S. forging collaborations with Indian firms and academic institutes in the field of the biopharma and healthcare sector, Pfizer President (Global R&D) Martin Mackay said not only is there a great willingness to collaborate in India, there is a great ability of Indian companies to adapt to western needs.

Joe Smith, Vice-President at Johnson & Johnson said India could be a major centre for innovation globally.

J&J doesn't view India as an emerging market and felt innovation can come from India, he added.

William Chin, Vice-President, Discovery Research and Clinical Investigation, Eli Lilly, felt the pharma industry is under siege with a flood of patent expiries, higher safety hurdles and pricing pressure.

As the sector is facing the problem of managing the huge data at its disposal, Chin said India with its IT strengths can play a vital role.

Lilly has moved beyond level 1 partnerships, based on cost arbitrage, to level II based on partnerships of shared rewards and risks in India.

Indian healthcare market to grow



Notwithstanding the current global economic crisis, India's pharmaceutical industry and its healthcare market are expected to grow rapidly in the next few years, a global management consulting firm has said.

Driven by strong local demand, the Indian health care market is expected to continue growing close to previously projected rates of 10 to 12 percent,

McKinsey said in its report 'New Opportunities for U.S.-India Biopharma and Healthcare Collaboration'.

Released recently at the U.S. India Biopharma and Healthcare Summit in Boston, the high growth of the Indian healthcare sector is primarily driven because of domestic reasons.

With average household consumption expected to increase by more than seven percent per annum, the annual healthcare expenditure is projected to grow at 10 percent. Also the number of insured is likely to jump from 100 million to 220 million.

Further hospital beds are expected to double from 1.5 per thousand to 2.9 per thousand and diagnostic laboratories to grow by 20 to 25 per cent. There will be an addition of 3,00,000 to 4,00,000 doctors and another 2,50,000 to 3,00,000 nurses.

The McKinsey report said there would be a rise in prevalence of chron-

ic diseases — congestive heart disease, diabetes, asthma and obesity would see double digit growth.

McKinsey said while large global biopharma companies as well as most established Indian biopharma companies are well-positioned to weather the global economic crisis given strong cash positions, the smaller and highly leveraged companies are under pressure and looking to divest to mitigate distress or service debt load. It said the recent and planned actions by the Indian government to support the biopharma industry in India is likely to continue to attract foreign investment as also encourage industry, hospitals and academia.

Rapid growth is expected in the Indian healthcare infrastructure to meet the increasing demand for healthcare services, with significant opportunities for ex-India businesses to fill the gaps, particularly in tier II and III cities, the report said.