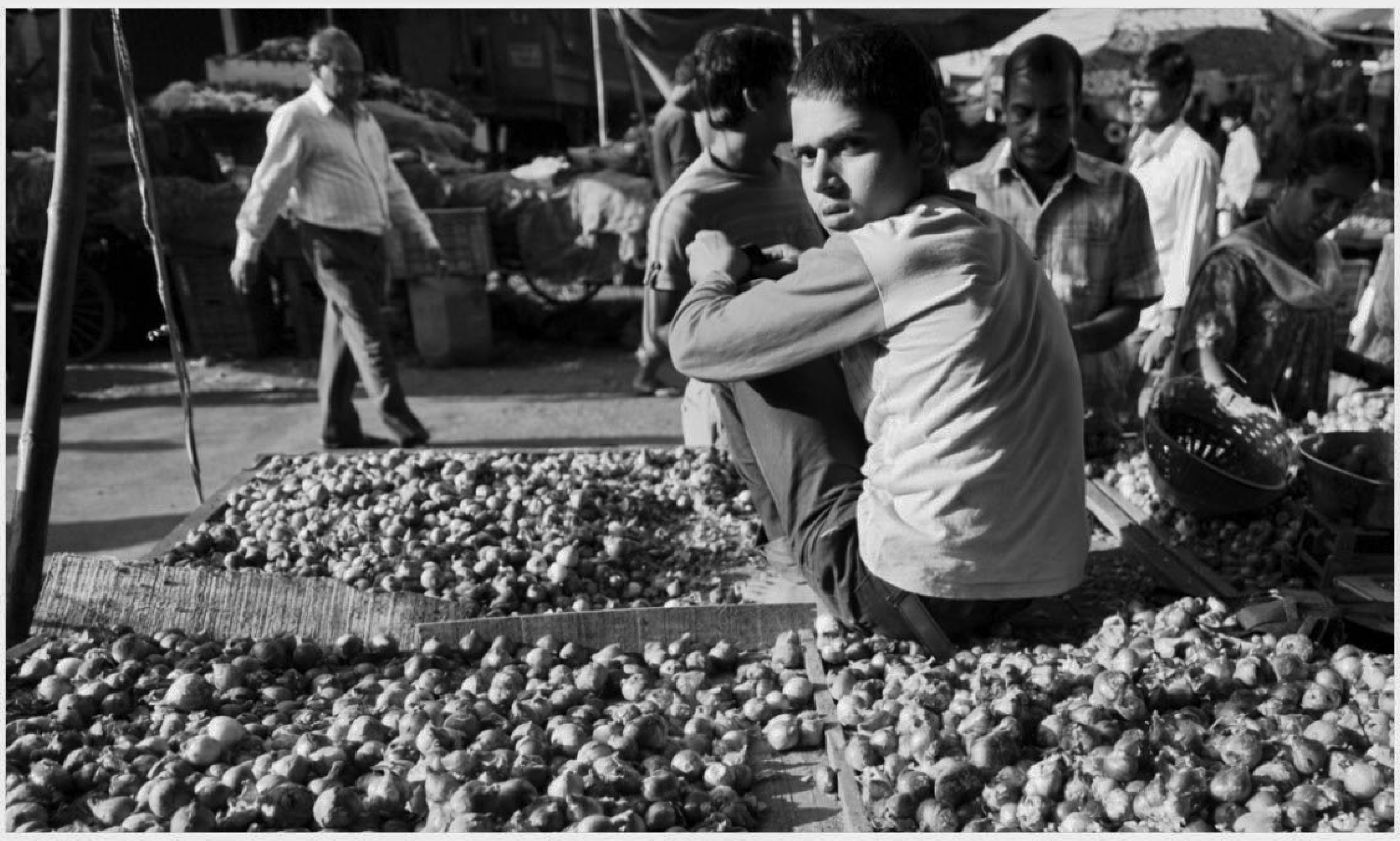
Indian onion traders boycott market

AFP, *Mumbai*



A boy selling onions, looks on, at a market in Mumbai on Sunday. The cost of onion, which provides the pungent foundation for thousands of different curries and dishes on the subcontinent, has shot up, leaving the Indian government grappling for solutions.

AFP

About 250 traders on Monday began a two-day boycott of one of India's largest onion markets in protest at raids on warehouses to prevent stockpiling, as prices of the cooking staple soar.

Traders in Nashik, about 160 kilometres (100 miles) northeast of Mumbai, said they were also staying away from the market because the state government ordered them not to sell onions for over 40 rupees (86 US cents) per kilogramme.

Food inflation in India surged to a five-month high of nearly 19 percent in the week ending December 25. The cost of onions peaked at 80-85 rupees per kilogramme last month, before falling to about 70 rupees, after unseasonal heavy rains.

The vegetable had been selling for about 20-25 rupees.

The Nashik District Onion Traders Association said its members had been buying onions at 30-45 rupees per kilogramme from the state-run Agricultural Produce Marketing Committee and would incur losses if they implemented the directive.

Income tax department officials last weekend raided houses and warehouses of four traders as part of an investigation into allegations of onion stockpiling.

Rupesh Jaju, director at Nashik-based United Pacific Agro Pvt Limited, said about 250 traders were involved in the boycott, which comes after more than two months of dwindling supplies.

"We are supporting the strike," he told AFP. "The government has to look at the ground realities and stop these raids. You cannot blame the merchants for what has gone wrong.

"Supplies have been affected by a poor harvest because demand continues to be very strong."

The agricultural belt around Nashik grows many crops, from grapes to sugar cane as well as cotton.

Most of the area's onion crop is transported to southern and eastern India while Jaju's firm exports to the rest of Asia, the Middle East and Europe.

iGate, Apax to buy $862m stake in India

REUTERS, *Mumbai*

US software firm iGate backed by private equity firm Apax Partners, has agreed to buy a majority stake in India's Patni Computer for $862 million, two sources with knowledge of the matter said, marking one of the largest deals in India's technology sector.

Small- and mid-cap companies in the IT services sector have been grappling with tepid demand, high attrition rates amid tough competition from larger rivals and a rise in expenses. Merging would allow mid-sized companies to increase scale and target bigger clients.

"There is scope for consolidation in this sector and it will happen," said Rakesh Rawal, head of private wealth management at Anand Rathi Financial. "Smaller players will have to get together for value creation," he said.

iGate and Apax have agreed to pay 503.50 rupees a share for a 63 percent stake in Patni, the sources said. The price, which does not include fees for a non-compete clause in the agreement, reflects a premium of 9.4 percent over Patni's closing price of 460.10 in Friday trade.

Patni shares were up 1.6 percent at 467.35 rupees in Monday mid-day trade on the Bombay Stock Exchange.

"It's not a price one would be gung-ho about, for sure," said Tejas Doshi, head of research at Sushil Finance in Mumbai. "Investors in Patni should have got a much better price. But from iGate's perspective, its an asset worth buying at this price," he said.

Apax will invest about $500 million in iGate for the acquisition. iGate will also take a loan of another $500 million from Standard Chartered and Deutsche Bank for the deal, said the sources, who were not authorised to comment publicly on the deal.

iGate has agreed to make an open offer for an additional 20-percent to Patni's minority shareholders following the deal.

iGate said late on Sunday that it would hold a news conference at 0700 GMT on Monday, at which it is expected to announce the deal. Standard Chartered advised iGate on the deal.

Officials at Patni, iGate and Standard Chartered were not immediately available for comment.

The stake is being sold by Patni's three founding brothers, who collectively own 46 percent, and private equity firm General Atlantic, which owns 17 percent, the sources said.

Patni, a mid-sized IT services company also listed in New York provides technology outsourcing services to industries such as insurance, telecoms, utilities and retail.

Nissan taking drastic steps due to strong yen

REUTERS, *Detroit*

Nissan Motor Co will take drastic steps to shield itself against the profit-eroding effects of the strong yen, including shifting production of the next Rogue crossover to Tennessee from Japan, a top executive said.

Carlos Tavares, head of Nissan's operations in the Americas and executive vice president at Japan's second-biggest automaker, said the transfer, expected by 2013, would add more than 100,000 units a year of production in the Americas.

"As a global manufacturer, Nissan must have balance across our operations, not just in Japan," Tavares said in remarks prepared for delivery at an industry conference on Sunday ahead of the Detroit auto show.

The strong yen is a serious challenge for all Japanese manufacturers, but it is one that Nissan has been most aggressive in tackling for many months."

The decision to shift production of the Rogue, Nissan's best-selling SUV, was first reported by Reuters last month.

While good for its bottom line, more production in the Americas would mean less in Japan -- a politically sensitive move that could jeopardize Japanese jobs at Nissan as well as its domestic suppliers. The Rogue is built at Nissan's 430,000 units-a-year Kyushu factory in southern Japan.

Nissan Chief Operating Officer Toshiyuki Shiga, also in his capacity as chairman of Japan's auto lobby, has repeatedly expressed his desire to keep Japan's manufacturing sector healthy, while warning that a dollar below 90 yen was untenable for Japanese automakers' domestic operations.

The dollar is currently fetching around 83 yen.

Nissan in 2010 built 1.1 million vehicles at its six factories in the Americas, selling 69 percent of those in the region. Tavares said Nissan plans to raise that rate of local production further, to 85 percent by 2015 -- a move that he said would reduce the currency exposure of Nissan's vehicles by 50 percent.

Nissan will also halve the amount of auto parts imported from Japan to North America by early 2014, he said.

After boosting its US market share by 0.4 percentage point to 7.8 percent with an 18 percent sales rise in 2010, Nissan expects continued strong growth in 2011 with the launch of new products such as the remodeled Quest this month and the NV commercial van in February, Tavares said.

The NV launch would mark Nissan's entry into the lucrative light commercial vehicle (LCV) market in the United States dominated by General Motors Co and Ford Motor Co.

"We expect (the NV van) will gain a fair portion of the 95-plus percent share that GM and Ford hold today, each with products whose designs are 20 years old," Tavares said.

He expects the US light vehicle market to total 13 million units this year, up 12 percent from 2010.

Obama urged to step up yuan pressure in Hu meeting

REUTERS, *Washington*

REUTERS

US President Barack Obama meets with China's President Hu Jintao at the G20 Summit in Seoul, November 11. Jintao will make a state visit to the United States from January 18 to 21.

When President Barack Obama meets China's Hu Jintao this month, he might remind his guest of an old US proverb: owe $10,000 and you have a problem; owe $10 million and the lender has a problem.

The United States owes China at least $907 billion and needs to have a careful conversation with its largest creditor when the Chinese president visits the White House on January 19.

Obama wants Beijing to let its yuan currency rise, helping him to cut US unemployment by lifting exports to China.

China, whose economy is pulling strongly while the United States struggles, has pushed back by criticizing Obama for aggressive US fiscal and monetary policy action it says could hurt its investment by undermining the US currency.

Obama last month crafted a government stimulus plan based on $858 billion in tax cuts, and the US central bank is pumping a further $600 billion into the economy.

But China is also caught in a dollar trap due to the size of its holdings, limiting options to diversify by dumping US bonds because this could slam the value of the portfolio.

The US president has made plain he will not apologize for temporary pro-growth measures that have riled Beijing.

Analysts say Obama must not retreat from this position when the two leaders meet, urging he go on the offensive over the yuan, which U.S. officials say China keeps artificially cheap against the dollar to promote exports.

"You have got to ratchet up the pressure," said Fred Bergsten, director of the Peterson Institute for International Economics, a Washington think-tank.

"My sense is that this is where the administration is headed too, largely out of frustration that the effort to persuade and use sweet reason has paid very little dividends," said Bergsten, who argues China is a blatant cheat on trade.

The White House says the yuan issue will be on the table during Obama's talks with Hu.

China has a different take on the problem and sees a threat from a $1.3 trillion US budget deficit and ultra-loose monetary policy being pursued by the Federal Reserve.

Beijing says the US central bank's November decision to buy an additional $600 billion-worth of US Treasury bonds will inevitably weaken the dollar, hitting China's US Treasury holdings and potentially destabilizing its economy.

"The US fiscal deficit and debt are both increasing, and it will be very difficult for the US government to control its finances at a sustainable level where neither inflation nor dollar depreciation occur," said Zhang Ming at the Chinese Academy of Social Sciences, a top government think-tank.

"If the Fed is too loose, I'm afraid the probabilities of both of these will increase and will hurt Chinese financial stability," he said.

He said Beijing would try to move away from the dollar over the medium term, but substantial core holdings of US assets were the "only feasible option."

Nippon Steel, Tata sign $480m deal

REUTERS, *Tokyo*

Nippon Steel Corp, the world's No.4 steelmaker, and Tata Steel Ltd said on Friday their $480 million cold-rolled sheet steel joint venture will begin production in India by late 2013.

The 600,000-tonnes-a-year plant, which targets India's surging automotive sheet steel market, will be the first production base for a Japanese steel maker in India.

"India's huge growth potential is very attractive," Junji Uchida, Nippon Steel managing director, told a news conference.

"We also see a big advantage in linking up with Tata, which has high self-sufficiency rates in iron ore and coal, and a big cost advantage."

India's growing manufacturing sector is expected to become a base for exports to the Middle East, Africa and Europe, he said.

Tata has a self-sufficiency rate of 100 percent for iron ore and 50 percent for coking coal, Anand Sen, vice-president of Tata Steel Ltd, said.

JFE Holdings Inc, Sumitomo Metal Industries Ltd and Kobe Steel Ltd of Japan have forged technology tie-ups with players in India. JFE owns a near-15 percent stake in JSW Steel.