



MARKET MOVEMENT

Major Indices	December 12, 2008	December 19, 2008	% Change	Change
BSE Sensex	9,690.07	10,099.91	4.23	
NSE Nifty	2,921.75	3,077.50	4.34	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Public sector banks cut rates on new home loans**
- **Stamp duty on new apartments to be exempted in AP**
- **Centre, states agree to have dual GST**
- **Proposal for National Investigation Agency approved**

Public sector banks cut rates on new home loans

PUBLIC sector banks have cut rates to small home loan seekers. Loans up to Rs 2 million will now be available at 8.5-9.25% a year for tenures up to 20 years. The offer will be valid only for new loans up to June 30, 2009. Currently the interest rate on these loans average around 10% for most public sector banks. The package also includes lower margins (borrowers' contribution), waiving of processing and pre-payment charges and free life insurance cover for borrowers.

Stamp duty on new apartments to be exempted in AP

THE Andhra Pradesh (AP) Government has decided to exempt stamp duty on new apartments up to 1,200 sq ft from January 1, 2009, to December 31, 2010, in efforts to encourage construction of affordable housing. Currently, there is a 7.5% stamp duty and registration charge. But the Cabinet has decided that only the 2.5% registration charge will be collected and the 5% stamp duty on new flats and apartments up to 1,200 sq ft will be exempted.

Centre, states agree to have dual GST

THE Centre and states have agreed on a uniform dual Goods and Service Tax (GST) regime from April 2010. There will be two slabs for GST, but the rates will be same for goods and services, the combined GST rate is likely to be within 20%. The central GST will be levied and collected by the Centre, while the state GST will be levied and collected by states. States also sought more headroom to borrow from the market to fulfill their expenditure needs and demanded special exemption from the Fiscal Responsibility and Budget Management Act, which prescribes that a state's fiscal deficit should be less than 3% of its Gross Domestic Product (GDP).

Proposal for National Investigation Agency approved

THE Cabinet gave its approval to the proposal to amend the Unlawful Activities (Prevention) Act 1967 and for setting up of a National Investigation Agency. The Cabinet also approved a proposal for amendment to the Central Industrial Security Force (CISF) Act and the bills for the same purpose will be introduced in the Parliament

INDUSTRY WATCH

- **Retail sector to grow to US\$ 590 billion in 2012**
- **Domestic Baby care market with international brands**
- **23% growth in Indian internet connections**
- **Financial companies in expansion mode**
- **Auto part firms to gain from WTO's ruling against China**

Retail sector to grow to US\$ 590 billion in 2012

THE retail business in India would grow at 13% annually from US\$ 322 billion in 2006-07 to US\$ 590 billion in 2011-12. The unorganised retail industry was valued at US\$ 309 billion in 2006-07. The organised retail that now constitutes a small 4% of the total industry is also likely to grow at a much faster pace of 45-50% per annum and quadruple its share in total retail trade to 16% by 2011-12.

Domestic Baby care market with international brands

THE domestic baby care market with international brands such as Avent, Nuby and Tenderils deciding to introduce specialised premium products. Even the domestic gifts and greeting company Archies plans to introduce luxury toys and accessories for infants. It plans to introduce soft toys, apparel, accessories and even room decor products for new borns. By introducing products, ranging from specialised herbal skin care products, anti-colic bottles, baby-apparel, baby accessories to room decor options, the players are expanding the scope of the market, which is growing at 15-20% per annum.

23% growth in Indian internet connections

INDIA has seen a 23% growth in new internet connections. More consumers are now using high speed connections to plug into the global network instead of the painfully slow, and somewhat anachronistic, dial-up system. Internet connectivity has been growing apace in India. In the quarter ended October, the trend continued, with research agencies observing 2.6 million new IP addresses connecting to the global network compared to 2.1 million in the quarter ended June. This is a growth of 23%. IP address, or internet protocol address, is the unique number given to each computer when it plugs into the global internet family.

Financial companies in expansion mode

ADA Group-promoted Reliance Money, HDFC Bank's financial services arm HDFC Securities, and Religare Securities, are all in the expansion mode, recruiting people. And all the three firms have strong financial backing to grow at a time when, even by Reserve Bank of India's (RBI's) own admission, the services sector is slowing. Reliance Money has recruited nearly 400 people in the last three months and about 700 people in the last six months. The ADAG Company has acquired companies to expand its product portfolio and has also ventured into new territories, outside of India.

Auto part firms to gain from WTO's ruling against China

INDIAN automakers stand to benefit from the recent ruling by the World Trade Organization's (WTO) highest appeals court, the Appellate Body, against the imposition of 25% import duty on auto parts by China. This move will make their products cheaper in the Chinese market. The Auto ancillaries from India, like any other supplier elsewhere in the world, will have relatively freer access to the Chinese market, should the import duty be scaled down. China applies 10% duty on

all auto components imported into the country. Indian auto component manufacturers say this could be as high as 25% if vehicles built in China do not have local components to the extent of 40%. India charges 7.5% to 10% duty on all auto component imports, including from China.

CORPORATE HIGHLIGHTS

- **Marg in tie-up with Surbana to introduce prefab construction tech**
- **Japan's Amada sets up research centre at IIT Madras**
- **Telephonic employment information service launched**
- **Yahoo picks 30% stake in Chennai company**
- **Ramky partners Saudi firm for environment project**
- **Areva inks pact with NPCIL to supply 300 tonnes of uranium**
- **BHEL, NTPC ink transparency pacts**
- **ICICI Prudential ties up with American Express**
- **Tata Power, IOC in pact**
- **Maveric Systems enters into a strategic partnership with Wareef United**
- **UTV, Moser Baer signs pact for home video distribution**
- **Nalco inks deal with Rio Tinto to widen global footprint**
- **Ferrari drives Tata on Formula 1 track**

Marg in tie-up with Surbana to introduce prefab construction tech

THE Chennai-based Marg Ltd, an infrastructure and real estate development company, has tied up with Surbana International Consultants, Singapore, to introduce prefabricated construction technology for residential and industrial development. Surbana would be the consultant supporting Marg to bring in infrastructure and equipment to introduce precast and prefabricated construction methods for Marg's subsidiary New Chennai Township Pvt Ltd. The company is setting up Marg Swarnabhoomi, the integrated township with SEZs focussing on engineering and multi-services sectors.

Japan's Amada sets up research centre at IIT Madras

JAPANESE sheet metal machine manufacturer Amada Company Ltd has set up a research centre at the Indian Institute of Technology (IIT) Madras and donated equipment to support the research. This stream of engineering assumes significance as it helps reduce use of plastics due to environmental issues. Metals can be recycled more safely than plastics. Besides, it would enable its customers in India address practical manufacturing issues, including optimising productivity and improving machine availability time.

Telephonic employment information service launched

HYDERABAD-based Gramadootha Technical Services Pvt Ltd announced the launch of a telephonic employment vacancy information service Dialajob.net. Unlike other services that use e-mail alerts to notify any job matches, Dialajob provides jobseekers with real-time notification of matches over phone (SMS and voice. The company, which was incorporated about a year ago, has so far invested Rs 10 million for developing this product, with a Rs 250 registration fee per jobseeker a year, the portal currently has 15,000 users, including 300-odd paid users.

Yahoo picks 30% stake in Chennai Company

INTERNET firm Yahoo has picked up a 30% stake in the Chennai-based Info Network Management Company Pvt Ltd (INMAC), which runs telephone directory search service Call Ezee. The deal will help Yahoo enhance its local search capabilities in India, while providing Web access to Call Ezee's database of listings. Yahoo's Dutch subsidiary will own the INMAC stake and have representation on the board. Call Ezee directory services are currently being offered in 14 cities across the country including Mumbai, Delhi, Chennai, Bangalore, Hyderabad and Kolkata.

Ramky partners Saudi firm for environment project

ENVIRONMENTAL and waste management services' provider Ramky Group and A.A. Turki Group (ATCO) of Saudi Arabia have signed an agreement for establishing an Integrated Environmental Facility in the kingdom. The proposed integrated waste management facility will comprise recycling, processing and disposal facilities. The venture is seen to have the potential for generating US\$ 50 million as revenue. Spearheaded by Ramky Enviro Engineers Limited (REEL), a division of the Hyderabad-based Ramky Group, this venture will be one of the region's first private initiatives to create integrated environmental infrastructure projects.

Areva inks pact with NPCIL to supply 300 tonnes of uranium

FRENCH energy firm Areva, the world's largest nuclear power company, has signed an agreement with Government-run monopoly Nuclear Power Corporation of India (NPCIL) to supply about 300 tonnes of uranium annually. This is the first major nuclear fuel supply agreement by the Indian firm after the approval of the Indo-US civil nuclear deal early this year. The fuel is enough to generate about 1,500 mw power, which is over 35% of the country's installed nuclear power generation capacity.

BHEL, NTPC ink transparency pacts

NTPC Ltd, the largest power utility of the country, and equipment major Bharat Heavy Electricals Ltd (BHEL) has entered into separate integrity pacts with Transparency International India. The pact is a tool developed by the Berlin-based Transparency International for enhancing the degree of fairness and transparency in procurement and contracts, and mainly aims at reduction in corruption in public dealings. This model, being followed by several corporates worldwide, binds a company and its suppliers to ethical conduct in contracts and implementation of projects.

ICICI Prudential ties up with American Express

ICICI Prudential Life has entered into a strategic partnership with American Express Banking Corporation to offer its products to the bank's customers. The partnership would enable ICICI Prudential Life offer its insurance products to customers of American Express Banking Corporation. The partnership has been established under the referral agency model for three years.

Tata Power, IOC in pact

TATA Power Company Ltd has signed a Joint Venture (JV) agreement with Indian Oil Corporation Ltd (IOCL) for establishing a coal-based power plant in Orissa. The JV will meet the captive requirement of IOCL Paradip refinery and petrochemicals complex. Tata Power will hold 74% equity and IOCL will hold 26% equity in the proposed JV.

Maveric Systems enters into a strategic partnership with Wareef United

MAVERIC Systems, one of India's leading dedicated software testing company announced their partnership with Wareef United, a leading service provider in the banking and insurance verticals in

the Kingdom of Saudi Arabia, to offer independent software testing services. Through this partnership Maveric Systems expects to rapidly scale up its operations in Saudi Arabia. Maveric Systems is investing in the Saudi market by ramping up a sales team and expects over 1.5 million US\$ in sales from the region over the next 12 months.

UTV, Moser Baer signs pact for home video distribution

UTV Motion Pictures and Moser Baer Entertainment have signed an exclusive home video licensing agreement formalising a strategic alliance into the home video distribution business. The agreement gives Moser Baer video rights to 25 UTV films which include nine under production films like Delhi 6, Main aur Mrs Khanna, Kaminey, Yahoo and others.

Nalco inks deal with Rio Tinto to widen global footprint

NATIONAL Aluminium Company (Nalco), a navratna company and Asia's largest integrated aluminium producer has forged a strategic alliance with Canada's Rio Tinto Alcan (RTA). Rio Tinto is into exploration, mining and processing of mineral resources. Its major products are aluminium, copper, diamonds, energy (coal and uranium), gold, industrial minerals (borax, titanium dioxide, salt, talc) and iron ore. The strategic agreement provides a platform for both the companies to exchange information and identify potential on a reciprocal basis for long-term value creation.

Ferrari drives Tata on Formula 1 track

TATA brand name will figure on Formula 1, the world's most-famed motorsport, following a sponsorship deal signed with the Indian automobile giant. For the first time an Indian brand will appear on the Ferrari. Formula 1 is the pinnacle of premier automotive capability and motorsports in the world and for Tatas to be present on the Ferrari is massive. Ferrari has been on the top slot since F1 began in 1950.