



MARKET MOVEMENT

| Major Indices | October 10, 2008 | October 17, 2008 | % Change | Change |
|---------------|------------------|------------------|----------|---|
| BSE Sensex | 10,527.85 | 9,975.35 | (5.25) |  |
| NSE Nifty | 3,279.95 | 3,269.30 | (0.32) |  |

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **CCEA clears Rs 50 a quintal paddy bonus**
- **Bengal grants licence to Metro for opening store**
- **RBI cuts CRR 100 bps, releases Rs 400 billion**
- **ADB approves US\$ 71 million loan for water supply project in MP**
- **Maternity Benefit under RSBY**

CCEA clears Rs 50 a quintal paddy bonus

THE Cabinet Committee on Economic Affairs (CCEA) has approved an Rs 50/quintal bonus for paddy, over and above the already declared minimum support price payable during the current 2008-09 kharif marketing season (October-September). The decision would effectively raise the official procurement price to Rs 900 a quintal for common paddy and Rs 930 a quintal for Grade A varieties. These rates are applicable for the entire 2008-09 marketing season.

West Bengal grants licence to Metro for opening store

THE West Bengal Government granted the Agriculture Produce Marketing Committee (APMC) licence to the German wholesale major Metro Cash & Carry India. With this, the company's first outlet in Kolkata is set to be fully operational within the next six to eight weeks. The licence is valid for a period of one year. The buyers will have to be traders holding valid trade licences. The company cannot engage in any kind of retail trade. No contract farming has been permitted and this will be applicable to animal husbandry, pisciculture, floriculture, and so on.

RBI cuts CRR 100 bps, releases Rs 400 billion

THE Reserve Bank of India (RBI) reduced the Cash Reserve Ratio (CRR), or the proportion of deposits banks set aside, by another 100 basis points to release a further Rs 400 billion into the system. This is the third time the central bank has cut the CRR in two weeks, bringing the combined cut to 2.5% points, releasing a total of Rs 1000 billion into the cash starved banking sector to allow it to resume normal lending operations.

ADB approves US\$ 71 million loan for water supply project in MP

THE Asian Development Bank (ADB) has approved a US\$ 71 million supplementary loan for an urban water supply project in Madhya Pradesh (MP). The Government of MP and the municipal corporations will invest an additional US\$ 37 million in the project, while UN Habitat will co-finance a US\$ 500,000 grant through its Water for Asian Cities Program. The project aims to

improve the water supply services, sewerage and sanitation services, storm-water drainage, and solid waste management in the major cities of MP, including Bhopal, Gwalior and Indore. The cities are trade, commerce, and tourism hubs, whose growth potentials are constrained by poor water and sewerage infrastructure systems.

Maternity Benefit under RSBY

THE Cabinet gave its approval for inclusion of maternity benefit in Rashtriya Swasthya Bima Yojana (RSBY) subject to the condition that the premium is within the existing limit of Rs. 750 per beneficiary. The modification would be applicable with immediate effect. This would encourage institutional delivery of infants among the Below Poverty Line (BPL) workers. Almost all States have agreed to implement the scheme during the current year. The States of Haryana, Punjab Rajasthan, Delhi, Gujarat, Bihar, Jharkhand and Tamil Nadu have started enrollment and issue of smart cards.

INDUSTRY WATCH

- **India to grow by 8% in 2008-09, Dun & Bradstreet**
- **US firms eye opportunities in Indian aviation infrastructure**
- **Railways total earnings up 17.6% in H1**
- **WiMAX to be US\$ 13-billion market in India by 2012**
- **Mobile VAS to hit US\$ 3 billion by 2012**

India to grow by 8% in 2008-09, Dun & Bradstreet

ACCORDING to research firm, Dun & Bradstreet, India is likely to grow by 8% in the financial year 2008-09, supported by strong growth during the April-August period. Though there are various factors such as global turmoil, liquidity pressure, constrained demand and volatility in the markets, the post-monsoon October-December quarter is normally considered to be a strong one and the festive season too adds to a more positive business outlook. Dun Bradstreet, said that the composite business optimism index for Q4 2008 is at 138.9 points.

US firms eye opportunities in Indian aviation infrastructure

ACCORDING to Aerospace Industries Association (AIA) of America, the development of infrastructure in India's aviation sector could well be the focus of the American aerospace industry. India is modernizing its Air Traffic Control system and the US would be willing to support its effort with next-generation satellite-based systems. A large contingent of US companies under the US-India Business Council (USIBC) and the AIA is participating in the four-day India Aviation 2008.

Railways total earnings up 17.6% in H1

TOTAL earnings of Indian Railways touched Rs 383.74 billion during the H1 this fiscal, registering a 17.64 % growth year-on-year. This is supported by 20.19 % growth in freight earnings, which account for a whopping 68% share of the total Railway earnings. The total approximate earnings of Indian Railways during April 1, 2008 to September 30, 2008 was Rs 383.74 billion against Rs 326.20 billion during the corresponding period last year. The total goods earnings have gone up by 20.19% to Rs 261.41 billion from Rs 217.51 billion.

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WiMAX to be US\$ 13 billion market in India by 2012

ACCORDING to projections made by industry body, WiMAX Forum India's broadband usage is set to improve sharply with as many as 27.5 million WiMAX users expected by 2012. This means that in the next four years about 20% of the global WiMAX users will be in India, making it a US\$ 13 billion market. The technology allows subscribers to access high-speed Internet on wireless devices such as mobile handsets and laptops. It will also enable consumers to make telephone calls using the Internet Protocol. This platform also supports broadcast applications.

Mobile VAS to hit US\$ 3 billion by 2012

MOBILE Value Added Services (VAS) has a US\$ 700 million market, which is expected to hit US\$ 3 billion by 2012. According to Venture Intelligence, 2007 saw nine deals (US\$ 41 million) in the mobile VAS space, while the first 9 months of 2008 has already seen seven deals worth US\$ 91 million. Venture Capitalists (VC's) like Canaan Partners, Draper Fisher Juvertson, Helion, Nexus India among others are more interested in innovative product offerings in this space like mobile payment options, advertising, voice-based SMS and satellite video streaming. They are looking at applications that are independent third party innovations and are not dictated by operators.

CORPORATE HIGHLIGHTS

- **Bharti in tech tie-up with Infosys for DTH service**
- **DQE, French company ink pact**
- **Air Works, Honeywell in service centre pact**
- **Cabinet approves FDI in Aditya Birla Telecom**
- **Fame, Scrabble tie-up**
- **Post offices in tie-up with Reliance Money, WGC**
- **GMR acquires 50% in InterGen**
- **Dr Reddy's arm launches dermatology product in US**
- **Emami acquires controlling stake in Zandu**
- **Choice Hospitality-Astrix in tie-up**
- **Xenos launches vehicle security systems**
- **Nano in Gujarat, sweet music to Japanese ears**

Bharti in tech tie up with Infosys for DTH service

BHARTI Airtel Ltd, the country's largest private sector telecom operator, has entered into a technology tie up with Infosys Technologies Ltd to roll out its Direct-to-Home (DTH) television services. Infosys, through its digital convergence platform, will offer a suite of products including devices, application servers and interactive applications for Airtel's DTH services. Infosys said the software vendor would licence the digital convergence platform to Bharti Airtel, but would own the intellectual property for the products.

DQE, French company ink pact

DQE, an animation, gaming and Entertainment Company, has entered into an agreement with LPPTV and Method Animations SA of France for the co-production of a television series called Little Prince. The effort would be backed by France 3, a leading TV player in France. The Little Prince is based on the works of Antoine de Saint-Exupery, and has been translated into over 180 languages.

Air Works, Honeywell in service centre pact

AIR Works has announced an authorized service centre agreement with Honeywell at the India Aviation Week 2008. Under the agreement, Air Works will offer maintenance, repair and service facilities for Honeywell engines TFE 731 and CFE 738 series along with Auxiliary Power Units (APUs). In addition, Air Works will also service Honeywell's complete range of navigation and communication equipment.

Cabinet approves FDI in Aditya Birla Telecom

THE Cabinet Committee on Economic Affairs has approved Aditya Birla Telecom Ltd (ABTL) proposal to bring in Foreign Direct Investment (FDI) of Rs 27.04 billion from a Mauritius based private equity entity fund. This gives P5 Asia Holdings Investments (Mauritius) 20% stake in ABTL, which is a subsidiary of Idea Cellular Ltd. Aditya Birla Telecom has a licence to offer mobile services in the Bihar circle and Jharkhand.

Fame, Scrabble tie up

FAME India Ltd has signed a 75 screen digital cinema deployment agreement with Scrabble Entertainment for 2K Digital Cinema Initiatives (DCI) compliant systems. These systems will be installed over a 12 month period and total cost of the entire digital solution is pegged at Rs 210 million. Fame will replace most of their existing analog screens to 2K digital and will install such systems in its new tier I properties.

Post offices in tie-up with Reliance Money, WGC

INDIA Post, Reliance Money and World Gold Council (WGC) announced a strategic tie-up under which gold coins would be sold in little over 100 India Post outlets in Delhi, Tamil Nadu, Maharashtra and Gujarat in the pilot phase. WGC would help market the Swiss medallions supplied by Reliance Money, making it available to Indian mass consumers through India Post offices. The gold coins will be of 0.5 grams (g), 1g, 5g and 8g denominations.

GMR acquires 50% in InterGen

GMR, the infrastructure company with business presence in energy, airports, highways and urban infrastructure, announced that it has completed the acquisition of a 50% stake in InterGen N.V. at a cost of US\$ 954 million. InterGen has ownership interest in 12 power plants (including one power plant under construction in the Netherlands) located in the UK, the Netherlands, Mexico, Australia and the Philippines, with operational capacity of 8,086 (Mega Watt) MW and 4,680 MW under development.

Dr Reddy's arm launches dermatology product in US

PROMIUS Pharma LLC, a wholly owned subsidiary of pharma major Dr Reddy's Laboratories Ltd, has launched its first product, EpiCeram Skin Barrier Emulsion, in the US market. EpiCeram is a novel prescription therapy for the treatment of atopic dermatitis, a skin disease that affects more than 15 million people in the US. Promius Pharma would formally launch the product at the 27th Annual Fall Clinical Dermatology Conference in Las Vegas, US which will be attended by over 400 dermatologists and healthcare providers.

Emami acquires controlling stake in Zandu

THE Parikh family, the existing promoters of The Zandu Pharmaceuticals Works Ltd, has agreed to sell 18.18% strategic stake to Emami Ltd at a total price of Rs 2.42 billion, including a non-compete fee of Rs 220 million. This off-market deal with Parikhs and two other market deals, which gave it additional 4.64%, allowed Emami to gain control of Zandu.

Choice Hospitality Astrix in tie-up

CHOICE Hospitality India has tied up with Pune based Astrix Group to set up a 75 room hotel near Hinjewadi in Pune. The hotel, Comfort Inn, which will involve a cost of Rs 250 million, will be launched early next year. According to the agreement, the company will market and manage the new property. Choice Hotels India is part of Choice Hotels International. A player in the mid-market hotel segment, Choice has 30 properties in 22 destinations across India, including two in Pune, across four brands namely Clarion, Sleep Inn, Quality and Comfort Inn.

Xenos launches vehicle security systems

AUTOMOBILE accessories company, Xenos Technologies, has introduced its new range of vehicle convenience and security systems under the Firewall brand. It has launched two new alarms and remote start security products Firewall 45 and 40 for two-wheelers, which are high on technological features, compactly designed and easy to install.

Nano in Gujarat, sweet music to Japanese ears

JAPAN, world's largest auto manufacturer, and host of biggest nano tech show on earth, the words auto and nano are indeed familiar terms. Tata Nano, abbreviated in Japanese as Tano literally means versatile and that goes to truly describe the bouquet of multifold benefits, all set to be showered on Gujarat. With Nano firmly under its arm and the mini Japan township set to be in its crown, Gujarat should be all set to now garner a whopping 40% of the US\$ 100 million investments flowing through Japan Bank for International Cooperation (JBIC) for Delhi Mumbai Industrial Corridor (DMIC).