



MARKET MOVEMENT

Major Indices	December 18, 2009	December 24, 2009	% Change	Change
BSE Sensex	16,719.83	17,360.61	3.83	
NSE Nifty	4,987.70	5,178.40	3.82	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **100% FDI in renewable energy sector**
- **Government sets up panel of state ministers for industrial growth**
- **India-Bhutan ink 12 agreements, four in hydropower**
- **Kerala Commercial Tax Department to adopt M-Governance**

100% FDI in renewable energy sector

GOVERNMENT has allowed **100% Foreign Direct Investment (FDI)** in the renewable energy sector and a conducive policy has been put in place to attract foreign companies. Government has approved a generation-based incentive scheme in wind power projects for foreign investors who cannot avail benefits of accelerated depreciation available to domestic investors. Over two million solar energy-run appliances had been distributed or installed across the country under the solar energy programme.

Government sets up panel of state ministers for industrial growth

IN an effort to achieve the target of attracting **\$50 billion Foreign Capital Inflows (FCI)** into the country by 2012, the Government constituted a **high-level committee of state industry ministers** that would seek to create proper road maps for states and their **industrial development**. The main responsibility of the committee would be to formulate a states-specific investment promotion programme. Besides, it would also create a single window mechanism for faster clearance of license requirement and establishment. The committee would also prepare guidelines for the creation of an industrial land bank consisting of available waste and fallow lands, while leaving aside productive agricultural land as far as possible.

India-Bhutan ink 12 agreements, four in hydropower

INDIA and **Bhutan** inked a dozen agreements, including four on hydropower generation. **The other agreements were in civil aviation, health and IT fields**. India will prepare the initial technical reports for four new hydro-electricity projects with capacity of over 3500 MW in the Himalayan kingdom. Bhutan currently has an installed capacity of 1500 MW of hydropower, with the domestic consumption being only 400 MW. The entire surplus power is exported to India. Bhutan has a favourable balance of trade with India since 2006 due to its export of power. It is also the reason that Bhutan has one of the highest per capita incomes in South Asia at over \$2,000. India has already given assistance to build three major hydro-electric projects at Chukha, Kurichu and Tala. Besides, India is also helping in the construction of Punatsangchhu-1 project.

Kerala Commercial Tax Department to adopt M-Governance

KERALA Government announced that the Commercial Tax Department would be launched on M-Governance for grievances redressal. It would be launched on January 11. This would basically be an Interactive Voice Response System (IVRS) in which an aggrieved trader or assesses can dial a toll-free number and register a complaint on his cell phone from anywhere/anytime in the State. A fully transparent system is designed to measure efficiency and increase performance levels.

INDUSTRY WATCH

- **Life insurance industry grows 18% in six months; premiums up 21%**
- **Top public sector banks see robust growth in profits**
- **Tele-base soars to 543 million as mobile Companies add record 17.65 million**
- **M&A crossed \$10 billion markup with 267 deals in 2009**

Life insurance industry grows 18% in six months; premiums up 21%

DOMESTIC life Insurance industry grew 18% in the first six months, while in the first seven months the industry reported a 21% growth in total premium (new business and renewal). The premium stood at Rs 1,205.03 billion in the April-October 2009 period against Rs 993.10 billion in the corresponding period last year. The industry body for all the life insurance companies in India, renewal premiums increased around 24% to Rs 739.52 billion compared to the same period last year, while new business premiums increased around 18% year-on-year to Rs 465.51 billion.

Top public sector banks see robust growth in profits

CONTRARY to the international trend, large Public Sector Banks (PSBs) expect a quantum jump in bottom line growth in the December and the subsequent quarter this fiscal, going by their advance tax payouts up to the December 15 installment. The strong show on the advance tax front points towards buoyant profits in the current quarter as well. The financial performance of these banks seems more or less untouched by the global financial crisis. Large private/foreign banks' advance tax payout show a mixed picture with only HDFC Bank and Axis Bank recording strong double digit growth in payouts. An analysis of the top 50 advance taxpayers' league for the period showed the strong presence of the banking sector in the listing.

Tele-base soars to 543 million as mobile Companies add record 17.65 million

AT the end of November 2009, number of telephone subscribers touched 543.20 million, taking tele-density closer to the half-way mark, driven by a record 17.65 million new additions in wireless telephony. The telephone subscriber's base rose from 525.65 million in October, registering a growth rate of 3.34%, to 543.20 million in November. With this record addition, the overall tele-density has touched 46.32%. The wireless subscriber base rose from 488.40 million in October to 506.04 million in November, a monthly growth of 3.61%. Wireless tele-density is at 43.15% now.

M&A crossed \$10 billion markup with 267 deals in 2009

MERGERS and acquisitions (M&As) crossed a little over \$10 billion with a total of 267 deals for the period January-December this year. Of these, 142 were domestic deals with a

value of nearly \$6 billion and 125 cross-border deals pegged at over \$4 billion, which include both outbound and inbound investments. Domestic M&As have sustained the momentum and were pegged at \$5.8 billion during the January-December period. More than half of the cross-border deals were outbound where domestic companies acquired businesses overseas. The outbound deals were pegged at \$1.12 billion.

CORPORATE HIGHLIGHTS

- **IFFCO-Tokio in pact with cooperative institutes**
- **IBM in outsourcing pact with Digicable**
- **Mahindra forms JV with Chinese tractor firm**
- **DB Hospitality in tie-up with Hyatt for five hotels**
- **InterraIT enters India via tie-up with Tatwa**
- **Wipro inks MoU for low carbon tech development**
- **Shriram acquires GE transport finance**
- **SKS Microfinance ties up with SBI**

IFFCO-Tokio in pact with cooperative institutes

IFFCO-Tokio General Insurance Co Ltd (ITGI) has tied up with 24 cooperative institutes in Dakshina Kannada and Udupi districts. Through the tie-ups with cooperative institutes, IFFCO-Tokio will be able to reach out to more than 10,000 customers of these cooperative banks/societies. The tie-up with 24 cooperative institutes will give the company an advantage of providing its innovative insurance products and services to customers of these institutes.

IBM inked outsourcing pact with Digicable

IBM has signed a 10 year strategic outsourcing agreement with Digicable, a major cable and broadband distribution player in India, at an initial outlay of Rs 3.8 billion. This is one of the most significant deals signed by a media and entertainment company in India. As part of this agreement, IBM will support the integration of Digicable's digital media content delivery and value added services applications with its core business technologies and processes. This integrated approach will enable Digicable to provide superior and personalized service to its subscribers. With a strong focus across all segments of the media and entertainment industry, IBM has the deep business insights and technology know-how to help Digicable solve complex business problems and build a more intelligent enterprise by accelerating the transformation of its business.

Mahindra forms JV with Yueda

MAHINDRA & Mahindra (M&M), India's largest tractor manufacturing company, signed a Joint Venture (JV) agreement with Yueda Group, China's second largest tractor producer, to set up a tractor company with a combined investment of Rs 1.75 billion. The new company, Mahindra Yueda (Yancheng) Tractor Company (MYYTCL) will be a 51:49 Joint Venture (JV), where the Indian will hold the majority. Investments by both companies will be in the ratio of their stakes in the venture. The plant will be operational in the next 12-15 months. The investments would be used to fund the setting up of a research and development (R&D) centre, as well as a manufacturing plant for engines.

DB Hospitality in tie-up with Hyatt for five hotels

MUMBAI-based DB Hospitality Pvt Ltd, part of the DB Group, will invest over Rs 55 billion in the construction of hotels by 2014. The company has entered into a contract with Hyatt Hotels Corporation, under which it will construct and own five new hotels for the global hospitality major which in turn will manage them. Currently, DB hospitality has similar contracts with Starwood for two hotels and Japanese luxury hotel group Nikko Hotels International, operated by JAL Hotels Company Ltd.

InterraIT enters India via tie-up with Tatwa

InterraIT, a USA-based innovative IT solutions provider has announced its foray into the India market through a strategic alliance with the city-based Tatwa Technologies. InterraIT, which has two development centres in Kolkata and Noida, has so far been providing complete software and IT solutions for the Fortune 500 companies in the US and other countries. InterraIT's consulting services and service delivery competencies will now be available to Orissa and other states through Tatwa's market presence. Tatwa will also play a partnership role in maintenance, fine-tuning and even development on a case to case basis. InterraIT and Tatwa are jointly planning serious inroads in the e-governance areas across India and also in mobile applications to provide services for the major telecom companies.

Wipro inks MoU for low carbon tech development

Wipro Technologies, the global IT services business of Wipro Ltd, has signed a Memorandum of Understanding (MoU) to enable innovation in low carbon technologies, including those in IT and IT services with the UK Trade & Investment (UKTI). The MoU outlines the manner in which UKTI and Wipro will collaborate within the framework of UKTI's Global Value Chain programme, to identify areas of joint interest. The MoU will also explore ways to promote closer cooperation between business and academia in India and the UK. The MoU also envisages various ways in which the collaboration will be taken forward including joint seminars, networking opportunities and innovative uses of digital media and technology, engaging both business and academic stakeholders.

Shriram acquires GE transport finance

Shriram Transport Finance Company (STFC) has acquired the assets of GE Transportation Financial Services, part of the Indian operations of General Electric (GE), for Rs 12 billion in a move which will help the south-based financier of commercial vehicles and construction reach a new set of customers. General Electric has been looking to sell its Indian consumer and transportation finance businesses since last year. STFC has paid Rs 10 billion for the assets of the commercial vehicle business and Rs 2 billion for those used in construction.

SKS Microfinance ties up with SBI

SKS Microfinance has tied up with State Bank of India (SBI) and two of its group banks for integration of 600 of its branch accounts with them. As a part of the agreement, the Hyderabad-based microfinance institution would integrate its accounts in 390 branches with State Bank of India, 150 with State Bank of Hyderabad and 60 with State Bank of Mysore. SKS had earlier tied up with Axis Bank, HDFC Bank and ICICI Bank for a similar facility. SKS, which has an outstanding portfolio of Rs 36.28 billion, now had 36% of its credit sources coming from 17 Public Sector Banks.