



MARKET MOVEMENT

Major Indices	May 07, 2010	May 14, 2010	% Change	Change
BSE Sensex	16,769.11	16,994.60	1.34	
NSE Nifty	5,018.05	5,093.50	1.50	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, Finland agree to enhance cooperation in road sector**
- **Singapore allows more market access to Indian generics**
- **RBI allows healthy cooperative banks to open ATMs**
- **SEBI allows exchanges to offer 5 year index options**
- **Government approves modernization plan for immigration services**
- **Japan aided water supply scheme to go on stream**

India, Finland agree to enhance cooperation in road sector

INDIA and Finland have agreed to cooperate in building roads and highways and share information on attracting more investments for **Public-Private-Partnership (PPP)** projects in the sector. A Memorandum of Cooperation (MoC) in this regard was signed between Government of India and Government of Finland. They will focus on various aspects of road transport, including improving road safety, simplifying the procedure for competitive bidding, implementation and supervision of projects and ways and means to attract more investment for PPP projects in India. The two countries also intend to promote and develop business relations between consultancy and engineering companies working in the roads sector so as to promote industrial cooperation agreements and transfers of technology.

Singapore allows more market access to Indian generics

SINGAPORE has agreed to a greater market access for Indian generics by fast-tracking the registration of drugs that have already got regulatory approval in the **US, Canada, the EU, Britain or Australia**. The agreement would help the \$25-billion Indian generic industry to establish itself in Singapore, a big market for drugs. Trade ministers from both countries signed the agreement at the second review meeting of the India-Singapore Comprehensive Economic Cooperation Agreement (CECA). The two sides have also decided to further liberalize and facilitate movement of Indian professionals to Singapore and expedite mutual recognition of professional qualifications in areas such as dentistry, nursing, architecture, accountancy and company secretary professionals.

RBI allows healthy cooperative banks to open ATMs

RESERVE BANK OF INDIA (RBI) has relaxed rules on setting up offsite ATMs for healthy Urban Co-Operative Banks (UCB) with strong corporate governance. Henceforth, banks with lower bad loans, three consecutive years of profit and professionals on their board, do not require to take prior approval from RBI for off-site ATM. Earlier, no UCB could set up an off-site ATM without regulatory approval. Besides the profit requirement, banks need to contain their net Non Performing Assets (NPAs) below 5% and have at least two professionals on their board to be eligible to set up ATMs without approval.

SEBI allows exchanges to offer 5 year index options

SECURITIES & EXCHANGE BOARD OF INDIA (SEBI) has widened the scope of index-based options by allowing exchanges to offer option contracts based on Sensex and Nifty with tenure of up to five years. In January, 2008, SEBI had extended the period to three years. The share of index-based options in the total derivatives volumes has risen from around 10% three years ago to 45% in 2009-10 on the National Stock Exchange (NSE). This year, the share has gone past 50%. The move will widen the market. However, only a few negotiated deals are happening in the long-dated options market currently. It will be a facility for investors with a long-term view who want to hedge their positions or take a long-term call.

Government approves modernization plan for immigration services

GOVERNMENT has approved modernization and upgradation of immigration services as one of the Mission Mode Projects to be undertaken by the Ministry of Home Affairs under the National e-Governance Plan (NeGP). The total cost of the project is approximately Rs.10.11 billion. Total project cost, Rs. 1.32 billion is proposed to be spent during April 2010 - June 2011 (Phase-I) with the remaining amount of Rs.8.79 billion ear-marked for Phase-II of the implementation (July 2011 - September 2014). The core objective of this Project is to develop and implement a secure and integrated service delivery framework that facilitates legitimate travelers while strengthening security.

Japan aided water supply scheme to go on stream

THE Thiruvananthapuram sub-project of the larger Kerala Water Supply Project funded by the Japan International Cooperation Agency (JICA) is being commissioned on May 18, 2010. The Japan agency is providing a loan of Rs 29.87 billion for the project that would benefit 4.2 million people in five districts. This is one of the biggest water supply projects under implementation in the country. The water treatment facilities and transmission network have been designed using the latest technology. The water treatment and supply could be controlled from a control room in the city using telemetry and SCADA (Supervisory Control & Data Acquisition system or a computer system that monitors and controls a process).

INDUSTRY WATCH

- Drug majors get easier access to Japan's \$60 billion market
- Industrial output grows by 13.5% in March
- Railways freight earnings rise 9.7% in April
- Car sales rise 39.5% in April
- Mineral production up 12% in February
- Steel consumption up 9.6% in April

Drug majors get easier access to Japan's \$60 billion market

TOKYO has given an in-principle nod to New Delhi's demand for 'national treatment' to Indian pharmaceutical companies on registration and approvals in Japan. The two countries have come to an understanding on attaching a 'legally enforceable text' on pharmaceuticals to the final document on the proposed India-Japan Comprehensive Economic Partnership Agreement (CEPA). The 'national treatment' clause would find a place in the 'text'. After pact, Japanese authorities will treat Indian pharma firms and local Japanese companies equally on registration and approvals. Indian pharma makers and drugs will have to obtain clearances from Japanese authorities just like their local counterparts but they will not face any discrimination.

Industrial output grows by 13.5% in March

INDUSTRIAL output posted a robust expansion of 13.5% in March 2010, maintaining its double-digit growth for the sixth consecutive month. The Index of Industrial Production (IIP) for the financial year 2009-10, stood at 10.4% as against 2.8% in 2008-09. Manufacturing grew by 14.3% in March as against a negative growth of 03% in the year-ago period. Manufacturing constituted around 80% of IIP. Consumer goods posted 10.6% rise, while consumer non-durables grew by 32%.

Railways freight earnings rise 9.7% in April

RAILWAYS' total earnings were at Rs 72.92 billion, up 9.69% in April 2010 against Rs 66.48 billion in April 2009. In April 2009, the Railways registered a 3.43% growth rate over April 2008. Freight earnings also posted good growth which account for over 65% of the total earnings. Railways mopped up Rs 49.48 billion of freight earnings in April 2010, up 9.57% over the corresponding period last year. The total passenger earnings during April 2010 were Rs 20.66 billion against Rs 18.53 billion during the same period last year, registering 11.49% growth.

Car sales rise 39.5% in April

SALES figure for the month of April 2010 are out and the growth registered by the automotive industry in various segments is impressive. Passenger vehicles sales in April 2010 grew by 33.93% to 182,181 units. The growth within this segment was largely driven by a 39.48% growth witnessed in passenger car sales. Commercial Vehicles segment recorded a significant growth of 64.49% at 49,086 over 29,842 in the same period last year. Three wheelers segment witnessed a sales increase of 20.41% over April 2009. Two-wheeler segment also continued the growth trend registering an upswing of 22.07% at 855,670 compared with 700,987 in the corresponding period of last year.

Mineral production up 12% in February

MINERAL production from mining and quarrying sectors was up 12.2% in February, as compared to that of the corresponding month of the previous year. In the April-February 2009-10 mineral outputs grew 9.69% over corresponding period last year. The contribution of coal

was the highest at Rs 39.34 billion at 39% of the total output, followed by iron ore at Rs 21.01 billion and petroleum (crude) Rs 14.82 billion, natural gas (utilized) Rs 12.93 billion, lignite Rs 2.62 billion and limestone Rs 2.68 billion. These six minerals accounted for 94% of the total value of the output.

Steel consumption up 9.6% in April

STEEL consumption rose 9.6% to 4.14 million tonnes (mt) in April 2010, on account of steady demand from sectors such as automobiles, white goods and construction. Consumption was at 3.78 million tonnes in the year-ago period. Production during the period rose 5.3% to 4.9 mt over 4.6 mt tonne in April last year. Imports surged 47.9% to 660,000 tonnes during the period, thereby further increasing the domestic availability of steel and putting pressure on local prices.

CORPORATE HIGHLIGHTS

- **Daiichi sets up firm to market Ranbaxy products in Japan**
- **Tiana Group in pact with Japan's Mitsubishi Corporation**
- **Cognizant acquires UK consulting firm**
- **German industry bodies tie up with MSME agencies**
- **Eastern Enviro Care in JV with Czech firm**
- **Zydus, Abbott sign pact for generics**
- **Vedanta buys Anglo American Zinc for \$1.3 billion in all cash deal**
- **JSL, Orissa Government sign MoU for super critical thermal power plant**
- **Bhusattva joins hands with Italian firm to promote khadi**

Daiichi sets up firm to market Ranbaxy products in Japan

JAPANESE parent Company Daiichi Sankyo's proposed three-year plan for exploiting synergies, the Japanese company has set up a new firm, Daiichi Sankyo Espha Company (DSECL), for marketing generic drugs in Japan. As per the Japanese Government's directive to reduce healthcare costs in the country, drug firms are aiming to increase the share of generic medicines to 30% from a negligible share currently. Besides this, Ranbaxy has also introduced some of Daiichi Sankyo's products in India. In Mexico, Ranbaxy has set-up a new marketing division to focus on Daiichi Sankyo's products.

Tiana Group in pact with Japan's Mitsubishi Corporation

TIANA Group plans to enter in pact with Japan's Mitsubishi Corporation in the areas of power generation, infrastructure development, oil and gas and an array of industry and services sectors in India. Government of India has accorded an in-principle approval to Tiana Group's plans to set up 90 power projects across the country in hydel, thermal, solar, wind and nuclear power segments using the expertise of Mitsubishi Japan to set up, operate and maintain these power plants. The group is committed to supplying low cost power to the Indian consumers and will take the necessary steps right from the beginning. Tiana Group is particularly keen on contributing to the effort of pollution control in India and will seek the help of Mitsubishi Corp in this effort as well.

Cognizant acquires UK consulting firm

COGNIZANT has acquired the UK-based consulting firm PIPC Group for a little over 23 million pounds. PIPC will extend and complement Cognizant's existing project management and consulting capabilities and further Cognizant's ability to provide integrated services across consulting, technology and business process outsourcing. PIPC's strategic programme management offerings will strengthen Cognizant's ability to manage increasingly complex global projects while expanding our geographic footprint, particularly in Australia, New Zealand and the UK.

German industry bodies tie up with MSME agencies

TWO German industry bodies have tied up with five Indian Micro, Small and Medium Enterprise (MSME) representative agencies to usher in professionalism and expertise in their management, and improve their access to services. The partnership programme will be implemented jointly by ZDH (the German Confederation of Skilled Craft) and SEQUA, which is a non-profit subsidiary of Germany's top four business associations. The Indian MSME partners include the Indian Industries Association (IIA), the Federation of Madhya Pradesh Chamber of Commerce and Industry, the Gujarat Chamber of Commerce and Industry, the Mohali Industries Association (Punjab) and the Faridabad Small Industries Association (Haryana).

Eastern Enviro Care in JV with Czech firm

EASTERN Enviro Care Pvt. Ltd. (EECPL) has announced a partnership with Czech firm ZZVZ-Enven Engineering for establishing a Joint Venture (JV) to manufacture air pollution control equipment and systems in West Bengal. The two companies will finalize plans for setting up a manufacturing facility as well as a design and engineering hub which is likely to cost up to Rs 500 million. Manufacturing in India would give it a cost advantage of between 10-15% to ZZVZ. For the domestic market, the partnership will focus on the steel, cement, power and paper industries and subsequently could look at servicing the international markets.

Zydus, Abbott sign pact for generics

ZYDUS Cadila and Abbott entered into an agreement where the latter will license 24 branded generics of Zydus products in 15 emerging markets. The agreement includes an option for additional 40 products to be included over the term of the collaboration. The products will be manufactured by Zydus Cadila for Abbott in India and the product launches are expected to take place in 2012. The partnership is expected to leverage Abbott's emerging markets infrastructure, recently strengthened with the acquisition of Solvay Pharmaceuticals; to commercialize Zydus' products.

Vedanta buys Anglo American Zinc for \$1.3 billion in all cash deal

VEDANTA Resources today has finalized a deal with the London-based Anglo American's entire zinc business in Ireland and Africa for USD1.34 billion deal. Vedanta Resources and Anglo American have signed a definitive share purchase agreement under which Vedanta, through one of its controlled group companies (Hindustan Zinc), will acquire Anglo American Zinc for a total consideration of USD1.34 billion. The buyout will be funded entirely through cash. The acquisition will increase the company's annual zinc and lead capacity by 37% to 1.4 million tonne, representing 11% of the global zinc market

JSL, Orissa Government sign MoU for super critical thermal power plant

JSL Ltd has signed a Memorandum of Understanding (MoU) with the Orissa Government to set up a 1,320-MW super critical thermal power plant at Luni, Dhenkanal district of Orissa. The investment for the project is pegged at Rs 73.75 billion. For the project, JSL requires 2,000 acres allocation from the Government of Orissa. It will employ 2,600 unskilled and skilled workers, 90% of whom will hail from the local community. Currently JSL injects 16-180 MW power out of the 250 MW captive power plants for its integrated stainless steel plant at Kalinga.

Bhusattva joins hands with Italian firm to promote khadi

BHUSATTVA has joined hands with an Italian firm to promote khadi among Indians and Europeans. The fabric would be promoted to Indian and European consumers through the concept of "Ahimsa through Art". Working towards promotion of Ahimsa through Art with like minded Italy-based organization Ora WorldMandala and a conceptual artist, Bhusattva will unveil its Khadi women's wear collection. Under this initiative they are promoting women folk from two different religious communities here. As the work progresses, they intend to cover women from twelve different religious communities.