



MARKET MOVEMENT

Major Indices	Sept 4, 2009	Sept 11, 2009	% Change	Change
BSE Sensex	15689.52	16264.30	0.036	
NSE Nifty	4680.40	4829.55	0.031	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Government approves Invest India - DIPP & FICCI JV to promote FDI**
- **Government drafts green SEZ policy**
- **RBI eases credit rules for SEZs**
- **Karnataka plans Rs 220 billion project for Bangalore development**

Government approves Invest India - DIPP & FICCI JV to promote FDI

IN a step to promote foreign investments to the country, the Government approved a proposal by the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry for the formation of a company - Invest India. The non-profit company will be responsible for promoting Foreign investments into the country in a more focused, comprehensive and structured manner. Invest India will be a Joint Venture(JV) between the Government of India, Federation of Indian Chambers of Commerce and Industry (FICCI) and the State Governments. It is intended to assist foreign investors in identifying and realizing investment opportunities in India. The company will also assist the Government in its efforts towards projecting India as an attractive investment destination for foreign investors.

Government drafts green SEZ policy

THE Government has drafted a green SEZ policy for making industrial and non-industrial special economic zones (SEZs) more energy efficient. There are 344 notified SEZs spread across 40,000 hectare in the country that have so far attracted Rs 1000 billion. According to green SEZ policy guidelines, buildings in the SEZ need to comply with the energy conservation building code by laying down solar power systems to generate a minimum of 50 Kw of power per hectare, meeting 50 % of hot water requirements through solar heating and implementing 100 % water harvesting while ensuring zero water discharge.

RBI eases credit rules for SEZs

THE Reserve Bank of India (RBI) has made it easier for banks to lend to special economic zones (SEZ). Several types of advances to projects in special economic zones have now been excluded from the definition of commercial real estate loans. Now with the central bank clarification, loans to those developing, operating and maintaining SEZs as well as setting up or acquiring units in SEZs will be part of infrastructure lending. This would enable domestic institutions and banks to

make funds available to SEZ sector on the terms and conditions which are applicable for infrastructure lending.

Karnataka plans Rs 220 billion project for Bangalore development

KARNATAKA Government has drawn up a blueprint for the overall development of Bangalore city with a massive financial outlay of Rs 220 billion. The development works will be carried out through Bruhat Bangalore Mahanagara Palike (BBMP). The move is aimed at drastically changing the face of the city with improved roads, drains and lakes in the next three years. The works proposed under the plan includes 12 major signal-free corridors, three elevated corridors, strengthening of arterial and sub-arterial roads, and construction of 40 railway over- and under bridges, elevated roads built over storm water drains, remodeling of drains and rejuvenation of city's lakes.

INDUSTRY WATCH

- **Production growth of 11.23 % for April-August 2009**
- **FII's put 422 % more into construction in 6 months**
- **Cement despatches up 17 % in August**
- **UP SEZs clock exports worth Rs 168.14 billion**
- **FDI rises 56% in July**

Production growth of 11.23 % for April-August 2009

THE latest cumulative production data released by the Society of Indian Automobile Manufacturers (SIAM) shows a production growth of 11.23% for April-August 2009 over same period last year. The total automobile sales in the country grew by 24.3% in August while overall automobile exports registered a growth rate of 3.18%. Domestic Sales in the Passenger Vehicles segment during April-August 2009 grew at 11.97% over same period last year. Passenger Cars grew by 13.47%. Three Wheelers sales recorded a growth rate of 12.09% in April - August 2009. Two Wheelers registered a growth of 17.70%, Carriers grew by 20.93%, Mopeds, Scooters and Motorcycles grew by 24.56%, 20.52% and 17.1% respectively during April-August 2009.

FII's put 422 % more into construction in 6 months

FOREIGN institutional investors (FII) are shoring up investment in the country's construction sector. The market capitalization of FII investment in construction has gone up a whopping 422 % in the past six months. The sum indicates the returns being generated for investors, which, in turn, is a tool for fresh investment. This move will also have a cascading effect on the sum poured into the real estate sector. FIIs have registered a net investment of Rs 40.362 billion in the domestic stock market. The total FII market cap in 13 leading sectors is Rs 4453.13 billion.

Cement despatches up 17 % in August

THE domestic cement industry has clocked a despatch growth rate of 17% in August. This is in sharp contrast to the industry leaders' estimates of 9-10%. The 226-million-tonne industry despatched 15.44 million tonnes during the month compared with 13.2 million tonnes during the same period last month. The industry produced 15.52 million tonnes which is 17.75% more than what it produced last year in the same month.

UP SEZs clock exports worth Rs 168.14 billion

ALL the functional special economic zones (SEZs) in Uttar Pradesh, including private and Government promoted ones, clocked exports worth Rs 168.14 billion in 2008-09. The two Government SEZs, at Moradabad and Noida, employ over 30,000 people directly. Moradabad SEZ recorded an increase of around 27.5 % in exports in year 2009. Product-specific Moradabad SEZ, which was set up to promote handicrafts, comprising world famous art-metal and brassware, registered exports worth Rs 14.33 billion in 2008-09. Total exports by private SEZs registered a growth of 300 % in 2008-09 at Rs 5.06 billion with a total investment of Rs 18.06 billion, providing direct employment to over 5,000 people.

FDI rises 56% in July

FOREIGN direct investment inflow to India was \$3.5 billion in July, 56 % higher than \$2.25 billion in the same month a year ago. The Minister said inflows of \$3.5 billion received during July 2009 are as against \$2.5 billion received during June 2009 and \$2 billion received during May 2009. The figure represents an increase of 36 % over June 2009, which, in turn, was an increase of 23 % over the equity inflows received in May 2009. The sectors that attracted strong FDI inflows included services at \$1.86 billion, housing and real estate at \$1.18 billion and construction activities \$0.68 billion among others. During April-June, Mauritius, the US, Cyprus, Japan and Singapore were the major investor countries, with the island nation investing \$3.37 billion in India.

CORPORATE HIGHLIGHTS

- **BPCL, Videocon team up for Indonesia oil foray**
- **Clinton Foundation to set up five solar parks in Gujarat**
- **Microsoft in pact with TCS to launch virtualization centre**
- **Ambuja Realty ties up with Swiss hospitality major for 5-star hotel**
- **Cognizant acquires Pepper weed Advisors**
- **Government refers Daimler's FDI proposal to CCEA**
- **Bhushan Steel buys Aussie exploration firm**
- **Honda Siel to export engine parts to Japan**
- **Ashok Leyland pact with Magma Fin**

BPCL, Videocon team up for Indonesia oil foray

BHARAT Petroleum Corporation Ltd. (BPCL), through its exploratory arm, Bharat Petro Resources Ltd. (BPRL), has got a foothold in Indonesia for oil and gas exploration. The company has bought out 12.5 % from Anadarko Indonesia, a wholly-owned subsidiary of Anadarko Petroleum Corporation of the US. Videocon, promoted by the Dhoots, will hold 12.5 % in the venture. BPRL Ventures Indonesia (the arm of BPRL) and Videocon Indonesia Nunukan will jointly account for 25 % in the four-way alliance which will include Anadarko's 35 % while Medco, an Indonesian upstream company, will hold 40 %. The Companies will work jointly on the Nunukan block in offshore Indonesia. The trio of BPCL, Videocon and Anadarko is also working on upstream ventures in Mozambique and Brazil.

Clinton Foundation to set up five solar parks in Gujarat

CLINTON Climate Initiative (CCI), a programme of US based William J Clinton Foundation, signed a memorandum of understanding (MoU) with Gujarat Government for setting up solar parks in Gujarat. Each park will serve as a concentrated zone of solar development and will include 3,000 plus megawatts of solar generation as well as manufacturing facilities. Under the MoU signed with CCI, the Government would facilitate in identification of land and create required infrastructure for setting up of solar plants in co-ordination with CCI and invite national and international developers to set up these plants on chargeable basis for the infrastructure created. The power produced by these plants shall in turn be purchased by state power utilities. The project will generate over 5200 million units of clean and green energy and will reduce CO2 emission to the extent of 5.2 million tonnes on an annual basis.

Microsoft in pact with TCS to launch virtualization centre

MICROSOFT India has entered into a strategic alliance with Tata Consultancy Services (TCS) to launch Microsoft-TCS virtualization centre of excellence (CoE) in Chennai. In these centres, there is no need for physical storage spaces as the data is stored virtually. Designed to help customers experience the right approach to applying and managing virtualisation across IT architectural layers (namely server, machine, application and desktop) in their business environments, the CoE will leverage Microsoft technologies (such as Windows Server 2008 Hyper-V and System Center Virtual Machine Manager 2008) to showcase virtualization scenarios to customers. The CoE will deliver a heightened user experience to simplify virtualization: migration from physical to virtual environments, user experience and performance, and management of physical and virtual infrastructure from a single console.

Ambuja Realty ties up with Swiss hospitality major for 5-star hotel

AMBUJA Realty group has entered into a management contract with Swiss hospitality major, Swissotel Hotels owned by Fairmont Raffles Hotels International, for its upcoming five-star hotel. Spread over 160,000 square feet, the five star hotel Property in New Town Rajarhat on the north eastern fringes of Kolkata, marks Swissotel's entry in India. The investment in the project would be around Rs 1 billion. The new hotel would have 147 rooms, three restaurants including a specialty restaurant. The hotel would also have the largest pillar less banqueting facility 16,000 square feet.

Cognizant acquires Pepper weed Advisors

COGNIZANT, a provider of consulting, technology, and business process outsourcing (BPO) services, has announced the acquisition of all the assets of Pepper weed Advisors, the IT consulting services division of Pepper weed Consulting. Pepper weed Advisors uses its proprietary best practice process models and software to act as a trusted advisor to IT leaders requiring vendor-neutral advice regarding optimal alignment of IT and business process flows. The acquisition brings to Cognizant's IT infrastructure services (ITIS) practice a strategic consulting capability in two areas-IT service management (ITSM) and IT asset management (ITAM)--along with seasoned consulting talent and significant intellectual properties. Cognizant clients will benefit from a complete and mature IT infrastructure process consulting offering that complements its operations maturity model.

Government refers Daimler's FDI proposal to CCEA

THE Government referred to the Cabinet Committee on Economic Affairs (CCEA) a proposal by Daimler, a German based company to buy out its erstwhile partner Hero Group's 40% holding in a Joint Venture (JV) company. The Joint Venture was set up for designing, manufacturing and

selling of commercial vehicles. Daimler's proposal to increase its stake to 100% (in Daimler India Commercial Vehicles) has been submitted for consideration of the CCEA as the initial approval was granted by the CCEA. The proposal entails FDI inflow of Rs 784.8 million.

Bhushan Steel buys Aussie exploration firm

BHUSHAN Steel (Australia), part of Delhi-based cold roller, Bhushan Steel group, has acquired a 60% stake in Australian exploration company, Bowen Energy. Bowen Energy has 2,400 sq km of prime exploration ground. The company has four-five licenses for thermal and coking coal. Bowen's projects also include uranium, but Bhushan's interest is in thermal and coking coal. In 2006 Bhushan had acquired 15 % in Bowen. Bowen would take advantage of upgrading of regional coal transport and shipping infrastructure plans being developed by the Queensland Government in Australia. The state Government is committed to spend \$7.2 billion on new infrastructure projects that will support the Bowen Basin coal industry. A further \$3.1 billion is planned on upgrade and expansion, as well as additional rolling stock.

Honda Siel to export engine parts to Japan

CAR manufacturer Honda Siel would export engine components to Japan from October. The company will export crank shaft and the connecting rod manufactured at its Tapukara plant in Rajasthan. Honda Siel has another factory at Greater Noida in Uttar Pradesh. The company will produce 54,000 sets of the crank shafts and connecting rods for export over six months. The exports will help integrate Honda Siel with the Japanese company's pan-Asia supply chain network.

Ashok Leyland pact with Magma Fin

ASHOK Leyland signed a memorandum of understanding (MoU) with Magma Fincorp Ltd (MFL) to provide financing to end-customers of commercial vehicles. The agreement, will pave the way for enhancing sales by improving financing coverage, especially in the eastern and northern markets. MFL would bring to the table its distribution and service network of 150 offices across the country focusing primarily on semi-urban and rural areas. The association with Ashok Leyland will help MFL to broad base commercial vehicle assets financed by the company.