



MARKET MOVEMENT

Major Indices	July 24, 2009	July 31, 2009	% Change	Change
BSE Sensex	15,378.96	15,670.31	1.89	
NSE Nifty	4,568.55	4,636.45	1.49	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- Banks deposit growth estimate up at 19%
- Karnataka Cabinet nod for global convention centre project
- Incentives set to spur demand for housing
- Cabinet nod for communication satellite
- JBIC lines up Rs 7.41 billion for thermal power facilities in India

Banks deposit growth estimate up at 19%

THE Reserve Bank of India (RBI) raised the estimate of deposit growth for commercial banks to 19% for the current financial year from 18% set in April 2009 as part of a plan to maintain ample liquidity in the system. This follows an upward revision in money supply growth to 18%, up from 17% projected in the annual policy statement issued in April this year. The year-on-year growth in deposits till July 3, 2009, was 21.9%. The outstanding deposit of banks stood at Rs 40,287.07 billion. For 12 months ended July 3, 2009, deposits with public sector banks rose 26.4%, up from 23.1% witnessed in the preceding 12 months.

Karnataka Cabinet nod for global convention centre project

THE Karnataka Cabinet has cleared the proposed international convention centre project near the Bengaluru International Airport. The Rs 11 billion project is expected to come up on 35 acres near the airport. The project has been awarded to a consortium led by Soma Enterprise. The Government plans to launch Public Private Partnerships (PPP) to improve tourism-related infrastructure in the State. The Government has also decided to rope in a partner for the proposed night safari project at the Bannerghatta National Park near Bangalore.

Incentives set to spur demand for housing

THE Government announced a slew of incentives, including an interest subvention of 1% for home loan borrowers in the lower and mid-income housing space. It has also announced a tax holiday for those projects approved during financial year 2008 and completed before March 31, 2012. While the real estate industry feels that the interest subsidy would stimulate the hitherto flagging demand, builders appear divided over the extent of impact of the tax holiday.

Cabinet nod for communication satellite

THE Union Cabinet has approved undertaking design and development of GSAT-11 communication satellite at a total cost of Rs 5 billion. The GSAT-11 is an advanced communication satellite, which will be a high capacity multi-beam Ku/Ka-band spacecraft. The launch of GSAT-11 will augment the Ku-band capacity considerably for telecommunication

services in the country. With 16 beams in Ku-band and frequency reuse factor of 4, it can provide 10 GHz effective bandwidth equivalent to about 220 transponders of 36 MHz. The craft structure is designed for a lift-off mass of about 4,500 kg with a dry mass of 2,100 kg.

JBIC lines up Rs 7.41 billion for thermal power facilities in India

JAPAN Bank of International Cooperation (JBIC), the international arm of Japan Financial Corporation has signed two agreements to lend Rs 7.41 billion to L&T-MHI Boilers Private Ltd (LTMB) and L&T-MHI Turbine Generators Private Ltd (LTMT) for manufacturing and sale of thermal power generation facilities in India. According to the loan agreements, LTMB and LTMT will manufacture high-efficiency boilers and steam turbines for power generation by using MHI's advanced supercritical pressure technology. The boilers will be manufactured at Hazira in Gujarat and sold in the Indian market.

INDUSTRY WATCH

- **Indian per capita income rises by US\$ 86.78 in 2008-09**
- **Networking equipment market may grow 15%**
- **India is emerging hub for global trade**
- **Agricultural sector will fare better**
- **Cement despatches may grow 11% in July**

Indian per capita income rises by US\$ 86.78 in 2008-09

PER capita income of Indian individuals stood at US\$ 773.54 in 2008-09. Per capita income is an individual's earnings share from the yearly income generated in the country through productive activities and divided amongst all citizens equally. The per capita income in India stood at US\$ 687.03 in 2007-08 and has risen by over one-third from US\$ 536.79 in 2005-06 to US\$ 773.54 in 2008-09. The growth in real Gross Domestic Product (GDP) at factor cost stood at 6.7% in 2008-09. While the sector-wise growth of GDP in agriculture, forestry and fishing was at 1.6% in 2008-09, industry witnessed growth to 3.9% of the GDP in 2008-09.

Networking equipment market may grow 15%

THE market for enterprise networking equipment in India is estimated to grow from US\$ 1 billion in 2008 to US\$ 1.7 billion by 2012, recording a Compounded Annual Growth Rate (CAGR) of 15% during this period. The banks and the Government sectors are the largest market verticals, cornering over 37% of the total market in 2008. The overall networking equipment market is divided into data, voice and network security equipment. There is tremendous potential for the growth of enterprise networking in India. The top three enterprise concerns related to networking are network performance, reliability or availability of networks and applications, and security.

India is emerging hub for global trade

INDIA is fast emerging as a hub for international trade and investment, and now is the right time to explore opportunities in western and other Asian countries. France the fifth largest world economy is open to trade and invest in India. Over 650 French companies are in India, offering a huge opportunity to enhance trade and investments in sectors such as mechanical and electrical engineering, food processing, automotive industry, tourism, banking, and luxury and fashion industry. India and Sri Lanka have had a flourishing trade and investment relationship over the years, and the island nation would renew focus on exploring business opportunities in the northern and eastern provinces.

Agricultural sector will fare better

THE agricultural sector will fare better in the current year, going by the pattern of rainfall experienced in the last couple of months. However, in the current year, the rain-dependent areas have been getting good rains. It is a much better situation this year. The corporate investments are beginning to happen, and observed that loan issuance, though low at the moment, would pick up, as there is no liquidity problem. Companies are also able to raise equity in the capital markets.

Cement despatches may grow 11% in July

THE Indian cement industry may record an 11% growth in the current month. The 226 million tonne Indian cement industry, the world's second-largest after China, is all set to hit a double digit growth rate in July for the fifth month in a row, owing to robust demand for the building material. They expect the growth to hit 11% year on year (y-o-y). In June, the despatch growth was 12.84%. This means the industry will end up with a total despatch of over 16 million tonnes in the month. Despatches stood at 14.5 million tonnes, growing at 8.13% in July last.

CORPORATE HIGHLIGHTS

- **RComm ties up with Gameloft to enhance its VAS portfolio**
- **Areva ties up with Astonfield**
- **Magma, HDI-Gerling form insurance JV**
- **Bharat Forge, MIDC join hands for Pune SEZ**
- **UniverCell ties up with US Company for personalised service**
- **Texsoco in distribution venture with Mimaki**
- **KSTDC, Jet Air in promo deal for The Golden Chariot**
- **ABG Shipyard increases stake in Great Offshore to 7.8%**
- **MS-Yahoo deal will offer better search experience**

RComm ties up with Gameloft to enhance its VAS portfolio

RELIANCE Communications (RComm) that has been dabbling with the idea of enhancing its Value Added Services (VAS) portfolio so as to boost revenues has tied up with US-based mobile games company Gameloft. Under the agreement, Gameloft that specialises in developing mobile games based on world celebrities and Hollywood movies, will soon release a mobile game based on the life of Paris Hilton. This will be available on RComm's Global System for Mobile communications (GSM) and Code Division Multiple Access (CDMA) network across WAP/Brew and Blackberry platforms. As part of its tie-up with Reliance Mobile, Gameloft will also launch the mobile games version of some of the latest Hollywood offerings.

Areva ties up with Astonfield

AREVA SA's green arm, Areva Renewables announced it has signed a strategic partnership with Astonfield Renewable Resources Ltd to develop biomass power plants across India. The venture would invest about €100 million for producing a biomass capacity of 100 MW. Work on the first plant is scheduled to begin in the Q4 of 2009 at Gangarampur in West Bengal. Under the terms of the agreement, Areva's Bioenergy unit in Chennai will be responsible for plant design, construction and commissioning.

Magma, HDI-Gerling form insurance JV

MAGMA Fincorp has inked an agreement with German insurance major HDI-Gerling International Holding to enter the general insurance sector in India. The new Joint Venture (JV) plans to seek the necessary Insurance Regulatory & Development Authority (IRDA) and the Reserve Bank of India (RBI) approvals soon. The new JV Magma HDI General Insurance Company will have an initial paid-up equity capital of Rs 1.10 billion. Headquartered in Kolkata, the JV Company will leverage on the strengths of the two companies to offer general insurance products through Magma's existing strong distribution and service network spread across rural India.

Bharat Forge, MIDC join hands for Pune SEZ

Bharat Forge and the Maharashtra Industrial Development Corporation (MIDC) have entered into a 74:26 JV to develop a 4,500-hectare Special Economic Zone (SEZ) in Pune district. The Government has also given its clearance for 48 million cubic metres of water for the SEZ; nearly 250 million people would be employed in the SEZ over a 25-year time span. The SEZ would house companies involved in heavy engineering, auto (and components), gems and jewellery, IT and electricals and electronics.

UniverCell ties up with US Company for personalised service

UNIVERCELL has tied up with the US-based software solutions company PurpleTeal to offer a personalised mobile-based service to users. UniverCell will send personalised health messages and reminders to take timely and regular health actions on a daily basis, for a fee of Rs 99 for six months. The service will prompt subscribers to go for preventive screening tests for conditions such as cholesterol, high BP and diabetes, for which they may be at risk, based on their age and gender. It will alert the user on follow up tests, treatments and appointments.

Texsoco in distribution venture with Mimaki

DIGITAL printing solutions provider Texsoco Inc has announced a JV with Japanese firm Mimaki Engineering Co. The new company, Mimaki Kanphor India, will be the exclusive distributor for Mimaki's textile and industrial printing business. The JV will focus on selling high-end products directly to the Indian market. Their aim will be to bring down the high cost of ink in digital printing. Currently, it costs Rs 2 billion a metre in digital textile printing as opposed to Rs 20 a metre through traditional processes such as hand and screen printing. Mimaki, with a turnover of US\$ 240 million, is a major producer of digital textile printers with presence in over 70 countries. Currently, it has manufacturing facilities in Taiwan and Japan.

KSTDTC, Jet Air in promo deal for The Golden Chariot

THE Karnataka State Tourism Development Corporation (KSTDTC) has tied up with Jet Airways for marketing its luxury train The Golden Chariot, as part of the State's aggressive tourism promotion and marketing campaign. Golden Jet Escapes offers special rates for select sectors on the domestic and international routes. The offer is valid till March 31, 2010. The offer is available on six domestic and international sectors. Jet Airways services from/to Mumbai, New Delhi, Chennai, Ahmedabad, Kochi and Goa would feature this package on the domestic segment. On the international segment, it would be available with services from/to New York, Toronto, Brussels, and London via New Delhi and Mumbai.

ABG Shipyard increases stake in Great Offshore to 7.8%

ABG Shipyard has acquired another 2,12,000 shares of Great Offshore through a bulk deal on the National Stock Exchange (NSE) at Rs 450 a share, hiking its stake in the company to 7.8%. The company has acquired 19.26 million shares, or 5.19% stake in Great offshore, at an average price of Rs 450 apiece, aggregating Rs 870 million. The company now holds around 7.8% in Great Offshore.

MS-Yahoo deal will offer better search experience

MICROSOFT Corporation (MS) and Yahoo!'s 10-year pact will create a significant competitive alternative in search. For consumers, this agreement will ultimately deliver better search experiences and more relevant ads, while advertisers will get the benefit of a combined marketplace through a single platform. The two sides inked a 10-year partnership pact, an effort aimed at taking on Google. Both the companies believed that there were huge opportunities for innovation in search, to make it more relevant and useful to consumers, and more than just a list of ten blue links.