



**MARKET MOVEMENT**

Major Indices	June 11, 2010	June 18, 2010	% Change	Change
BSE Sensex	17,064.95	17,570.82	2.96	
NSE Nifty	5,119.35	5,262.60	2.79	

**INDIAN ECONOMY AT A GLANCE****POLICY WATCH**

**World Bank approves two projects worth \$372 million to India**

**Government signs agreement for terminal market complex**

**Government implements ECBC code**

**Five National Highways projects approved by Government**

**Government allows industrial units SEZ unit migration**

**Andhra Pradesh industrial policy offers subsidy for power, VAT**

**Government nod for 10% divestment**

**World Bank approves two projects worth \$372 million to India**

**THE World Bank has approved two projects worth \$372 million, including the integrated coastal zone management project, to India.** The World Bank has approved a \$222 million International Development Assistance (IDA) credit for the integrated coastal zone management project, while another \$150 million IDA credit has been approved for additional financing for the ongoing Karnataka rural water supply and sanitation project. The integrated coastal zone management project will help build the appropriate institutional arrangements, capacity and advanced knowledge systems needed to implement the national program. The project will also help pilot this approach in three coastal states mainly Gujarat, Orissa and West Bengal through a range of complementary local pilot investments in select coastal stretches to support state-level capacity building.

**Government signs agreement for terminal market complex**

**THE Government and Semmaris/Gressard Consultants, France has signed a consultancy agreement to come up with terminal market complex at Gannaur in Haryana.** A fruit and vegetables market of international standard would be developed over an area of 537 acres at Gannaur, at an estimated expenditure of Rs.8.30 billion. Haryana would be the first State in the country to have such a market. The Gannaur Terminal Market Complex would be designed and developed by Semmaris/Gressard Consultants, France and would be set up with the financial assistance of National Horticulture Mission. Market would be designed to handle fruits and vegetables and other perishable items to the extent of 7.5 million tons per annum. With the execution of this market, post harvest losses which are to the extent of 40% will be reduced a bare

minimum. Modernization and up gradation of existing markets along with the collection centre would be designed on the pattern of European markets.

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### **Government implements ECBC code**

**GOVERNMENT has implemented the Energy Conservation Building Code (ECBC) in new buildings to minimize use of energy in Haryana.** Urban developers would also incorporate the measures that the code entails in its bye-laws. The intent and purpose of this exercise is to minimize use of energy by making designs of buildings energy-efficient. The code is applicable to all buildings and complexes having a connected load of 500 KW and more, or having a contract demand of 600 KVA and more. Buildings not using electricity or fossil fuel and those using energy for manufacturing, are exempt from application of the code.

### **Five National Highways projects approved by Government**

**FIVE national highways have been sanctioned for Himachal Pradesh by the Government. The highways will also have two by-passes, one tunnel, two interceptors and one modern driving school.** The five national highways approved are Hamirpur-Sujanpur-Palampur 60-km highway, Brahmukhar-Bilaspur-Sarkaghat 12- km stretch, Bharmaur-Pathankot 133-km, 106-km Taradevi-Nalagarh road and Chandigarh-Baddi-Shalaghat of 84-km length. Government had also agreed to sanction two more proposed national highways, Slapper-Tattapani-Dhali (296-km) and Sainj-Aut-Bagidhar (97-km) in the second phase. There are currently eleven national highways in the state with a total length of 1,471 km. This has now gone upto sixteen and the length has risen to 1,966 km.

### **Government allows industrial units SEZ unit migration**

**THE Government has allowed industrial units to shift from one Special Economic Zones (SEZ) to another after approval of the apex authority, the Board of Approval (BOA).** The permission to relocate units will be given on a case-to-case basis by the BOA. Permission to relocate could easily be granted to units that are yet to start their operations or units that have started sourcing inputs but not started production. BOA may take a cautious approach in cases where production and exports have started. Where production and sale of goods have started in a unit authority needs to consider provisions for income tax exemptions for migration of goods. Allowing SEZ units to shift base could help in business consolidation as companies with several units in different SEZs would have the option of bringing them under one roof.

### **Andhra Pradesh industrial policy offers subsidy for power, VAT**

**GOVERNMENT has approved new industrial policy for Andhra Pradesh that will come into effect from July 1.** It is valid for 2010-15 periods and provides for major power and Value Added Tax (VAT) subsidy to industrial units in the State apart from laying thrust on micro, small and medium sized companies and food processing. The power subsidy will be valid for the next five years wherein industrial consumers will be entitled for 75 paise subsidy per unit. The policy claims with this tariff subsidy, per unit of power works out at Rs 3.53, which is lower than Tamil Nadu (Rs 4.34 per unit), Gujarat (Rs 4.65 per unit), Karnataka (Rs 5.13 per unit) and Maharashtra (Rs 5.27 per unit). Objective of the policy is to achieve a manufacturing sector growth of about 15-17% at last from the current 12% and employment generation of about 500,000 and attract investment of Rs 150 billion annually.

#### **Government nod for 10% divestment**

**GOVERNMENT has decided to sell 10% stake each in Coal India Ltd and Hindustan Copper Ltd.** It also approved the issue of fresh equity of 10% of the pre-issue Paid-Up Capital (PUC) of Hindustan Copper. The stake sale is part of Government's plans to raise Rs 400 billion in the current fiscal by selling shares in one state-run company almost every month in a bid to limit its fiscal deficit at 5.5% of Gross Domestic Product (GDP). The equity in Coal India will be sold through the book-building process in the domestic market. Both issues will be completed within the next six months. For Hindustan Copper, the Government will issue 92,521,800 shares as fresh equity at a face value of Rs 5, which is equivalent to 10% of the pre-issue paid up capital of the company.

## **INDUSTRY WATCH**

**Import of sensitive items up 40.5% to Rs 655.64 billion**

**Domestic air traffic up 22% in May**

**Consumer durable industry witnesses 30% growth**

**Capital goods power 17.6% industrial growth in April**

**Cement production rises by 9% in May**

#### **Import of sensitive items up 40.5% to Rs 655.64 billion**

**IMPORTS of sensitive items grew by 40.5% in 2009-2010 to Rs 655.64 billion mainly due to surge in edible oils, pulses, milk, food grains and rubber brought into India.** Imports of items considered sensitive were worth Rs 466.67 billion in 2008-2009. The imports of edible oil grew by 63.3% to Rs 259.75 billion in 2009-2010 from Rs 159.08 billion from 2008-2009. The imports of both crude edible oil as well as refined oil have gone up by 68.7% and 39.7% respectively. Pulses import increased by 59.1% to Rs 103.91 billion in 2009-2010 from Rs 65.29 billion in the previous fiscal. The production of pulses in 2009-2010 year crop was estimated at 14.77 million tonnes. Rubber imports grew by 70.9% to Rs 16.01 billion in 2009-10. Import of milk and milk products jumped to Rs 2.90 billion in 2009-2010.

#### **Domestic air traffic up 22% in May**

**THE domestic airlines flew 4.78 million passengers in May, an increase of almost 22% over the number carried in the same period in the previous year.** The number of passengers flown in May is the highest reported in a month by the domestic industry during the calendar year.

During January-May, the airlines flew 20.82 million passengers, an increase of 22% over the 17.06 million registered in the same period of the previous year.

### **Consumer durable industry witnesses 30% growth**

**CONSUMER durable industry is witnessing a growth of 30% owing to increase in summer sales which further lead to highest growth of 50%** in sales of refrigerators and air conditioners. Last quarter also saw phenomenal sales especially of displays which include conventional flat Panel Displays (PDPs, LCDs and flat screen TVs). The industry also witnessed a 40% growth in home appliances business. The consumers nowadays prefer to use devices and products in-built with smart technology and design innovations which are more advanced that make their life easy and consume less time. The consumers not only focus on the functional benefits of the products but also on the aesthetics added with the product.

### **Capital goods power 17.6% industrial growth in April**

**INDUSTRIAL output surged by 17.6% compared to from 13.5% a month earlier. Industrial output had risen 10% in the fiscal year ended March 31.** Manufacturing output, which has an 80% weight in the industrial output index, surged 19.4% on an annual basis in April compared with 0.4% growth a year earlier. Growth was observed by 73% increase in production of capital goods in the month, compared with a 5.9% increase a year earlier, while consumer durable goods output grew 37% during the latest month. Mining output rose 11%, compared with 3.4% a year earlier. Power generation increased 6% in April, slower than a 6.7% rise a year earlier.

### **Cement production rises by 9% in May**

**INDIA'S cement production in May rose by 9.18% to 14.5 million tonnes (mt) against 13.28 mt in the same month last year.** Sales grew by 8.8% to 14.21 mt last month against 13.06 mt in May 2009. Production in the first two months of the current fiscal stood at 29.19 MT against 26.68 MT in the April-May period of the last fiscal. Sales increased to 28.65 mt in April-May 2010, compared to 26.32 mt in the corresponding period last fiscal.

## **CORPORATE HIGHLIGHTS**

**Suven gets patents for two CNS drugs in Japan**

**Rallis inks marketing pact with Syngenta**

**Wipro Technologies ties up with Microsoft on Legal Process Outsourcing**

**US firm signs manufacturing deal with Vivimed**

**Cognizant buys Paris-based Galileo Performance**

**Quippo-WTIL signs 5-year deal with IBM**

**Vizag port signs deal with Sterlite Industries**

**CMA CGM joins Maersk to launch new services to India**

### **Suven gets patents for two CNS drugs in Japan**

**SUVEN LIFE SCIENCES LIMITED (SLSL), a Hyderabad-based biopharmaceutical company, has secured two product patents from the Japanese Patent Office (JPO) for two**

of its **New Chemical Entities (NCEs)**, indicated for the treatment of disorders associated with the Central Nervous System (CNS). These new patents are valid till 2022. Suven had received its first product patent granted in Japan in April this year, which is valid till 2023. These granted patents are achieved through the internal drug discovery research efforts of Suven. Products out of these inventions may be out-licensed at the stage of clinical Phase-I or Phase-II. the compounds are useful in the treatment of cognitive impairment associated with neurodegenerative disorders like Alzheimer's disease, attention deficient hyperactivity disorder, Huntington's disease, Parkinson and schizophrenia.

#### **Rallis inks marketing pact with Syngenta**

**RALLIS INDIA**, a Tata Group firm signed an agreement with Syngenta for marketing the Swish agribusiness company's fungicide, Azoxystrobin, in India and potentially in other countries. The arrangement with Syngenta will enable the development and/or co-development of new agrochemical products in order to deliver new and innovative solutions to the farming communities in India and potentially other countries. Syngenta currently distributes Rallis India's fungicide Hexaconazole in the global market under a previously inked agreement, which would continue to remain effective. The arrangement will make Azoxystrobin-based crop protection solutions more widely available and expand product choice for the farming community.

#### **Wipro Technologies ties up with Microsoft on Legal Process Outsourcing**

**WIPRO TECHNOLOGIES**, the global IT services business of Wipro Ltd, has announced that its Business Process Outsourcing division has partnered with Microsoft Corporation to provide global Legal Process Outsourcing (LPO) for Microsoft's Intellectual Property (IP) portfolio. In July 2008, Wipro began providing US Patent and Trademark filing and docketing services to Microsoft's Intellectual Property & Licensing group. Microsoft previously had used a mix of in house resources, outside law firms and offshore vendors to perform these IP services. , Microsoft facilitated the transition of processes to Wipro by leading domain training for Wipro's team. Wipro developed the LPO framework, tools, trainings, controls and metrics required to drive high productivity and reduced costs for Microsoft. Now, Microsoft has added international docketing and filing processes to the original US-only processes at Wipro.

#### **US firm signs manufacturing deal with Vivimed**

**INTERNATIONAL SPECIALTY PRODUCTS (ISP)**, a US-based chemical supplier has forged a manufacturing alliance with city-based pharmaceutical and specialty chemical manufacturing company Vivimed Labs Limited for production of Ultraviolet Absorbers (UVA). The alliance will allow the two companies to jointly market specific products used in sprays and lotions that include UVA and UVB protective properties. Under the agreement, ISP will add a number of UVA and Ultraviolet B Light (UVB) absorbers which are already manufactured by Vivimed to its portfolio from October this year. In turn, Vivimed will benefit from tapping into ISP's global sales, marketing and technical service team, extending ISP's distribution worldwide for a product portfolio of more than 500 chemicals

#### **Cognizant buys Paris-based Galileo Performance**

**COGNIZANT**, an Information Technology (IT), consulting, and Business Process Outsourcing Services Company, announced the acquisition of Galileo Performance, a Paris-based provider of IT-testing consulting services. Galileo helps leading companies in France to optimize and extend business performance through IT system measurement,

management and testing. It will complement Cognizant's fast-growing global testing practice, with its 10,000 testing professionals, while strengthening Cognizant's existing business presence in France. This acquisition will enable Cognizant to bring testing services to the French market, and the addition of French-speaking consultants will help them better serve their customers in the region.

### **Quippo-WTTIL signs 5-year deal with IBM**

**QUIPPO-WTTIL has signed a five-year deal with IBM to provide technical support to overhaul IT system and manage the hardware, mailing and infrastructure management software applications for the tower company.** As per the agreement, IBM will also deploy server and storage support, networking and security services at Quippo-WTTIL's hosted data centre in Gurgaon. The decision to outsource the management of services is an attempt to create a unified IT environment for the efficient functioning of the joint entity.

### **Vizag port signs deal with Sterlite Industries**

**VISAKHAPATNAM port has entered into an agreement with Sterlite Industries to set up mechanical coal handling system on general cargo berth at outer harbour with an investment of Rs 4.43 billion.** The project, to be completed by 2012, will be able to handle up to 200,000 tonne Dead Weight Tons (DWT) vessels at the general cargo berth. With this, coal handling capacity at the port would increase up to 10.18 million tonne a year. The Visakhapatnam Port Trust (VPT) had already signed MoUs with seven companies. Under this, these companies will get concessions on cargo handling charges and be given preference in berthing of vessels.

### **CMA CGM joins Maersk to launch new services to India**

**CMA CGM, a France based Company has joined hands with Maersk Line of Denmark, and announced the launch of the new CIMEX 2 services linking Asia/China to India and Pakistan.** The new service will complete the existing coverage of CMA CGM Group on the Asia, West Asia Gulf and India markets. The service will connect the inland container depot at Dadri and other inland destinations in India.