



MARKET MOVEMENT

Major Indices	January 30, 2009	February 06, 2009	% Change	Change
BSE Sensex	9,424.24	9,300.86	(1.33)	
NSE Nifty	2,874.80	2,843.10	(1.11)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Agreement between India and the UNEP**
- **India signs safeguards agreement with IAEA**
- **Inter-bank exposure limit for UCBs raised to 20%**
- **India signs pre-agreement with US on development of bio-fuels**
- **Establishment of National Institute of Abiotic Stress Management**
- **India's membership in International Renewable Energy Agency (IRENA)**

POLICY WATCH**Agreement between India and the UNEP**

THE Cabinet has approved the proposal for an Agreement between India and the United Nations' Environment Programme (UNEP) for capacity building in the field of protection and conservation of environment. The agreement will also help in providing exposure to various international law and practices in this sphere. It will provide an effective platform and mechanism for finalizing work programmes in specific project areas on environmental regulation as also to combat environmental crimes at borders. It will be signed and implemented through the National Academy of Customs, Excise and Narcotics (NACEN) under the Department of Revenue, Ministry of Finance (MoF).

India signs safeguards agreement with IAEA

INDIA signed an inspections agreement with the UN atomic watchdog International Atomic Energy Agency (IAEA) as part of a deal lifting a 34-year-old embargo on nuclear trade with New Delhi. An agreement between the Government of India and the IAEA for the application of Safeguards to Civilian Nuclear Facilities was signed in Vienna. The safeguards agreement, which is the result of several rounds of consultations conducted between India and the IAEA since November 2007, was approved by the IAEA board of governors in August 2008.

Inter-bank exposure limit for UCBs raised to 20%

THE Reserve Bank of India (RBI) has increased the prudential inter-bank exposure limit for the Urban Cooperative Banks (UCBs) to 20% of their total deposit liabilities. Earlier, prudential inter-bank exposure limit the total amount of deposits placed by an UCB with other banks was capped at 10% of its total deposit liabilities as on March 31, 2008. The prudential exposure includes instruments such as call money/notice money, and deposits placed for availing clearing facility,

CSGL facility, currency chest facility, remittance facility and non-fund based facilities such as bank guarantee (BG) and letter of credit (LC).

India signs pre-agreement with US on development of bio-fuels

INDIA has signed a pre-agreement with the United States of America to establish a framework of cooperation covering scientific, technical and policy aspects of production, conversion, utilization, distribution and marketing of bio-fuels in a sustainable and environmentally friendly manner in accordance with national priorities and socio-economic development strategies and goals. Both the Governments have identified eight specific areas for collaborative activities. Bio-fuel feed-stock production based on sustainable biomass with active involvement of local communities through non-edible oil seed bearing plantations on wastelands will be carried out. Thrust will be given to production and development of quality planting materials and high sugar containing varieties of sugarcane, sweet sorghum, sugar and cassava.

Establishment of National Institute of Abiotic Stress Management

THE Cabinet approved the establishment of a new National Institute of Abiotic Stress Management costing Rs. 73,500 million in the 11th Plan. Abiotic stresses like drought, temperature extremes, flood, salinity, mineral toxicity and nutritive deficiency are threatening agriculture production globally. The National Institute of Abiotic Stress Management shall have a comprehensive mandate of characterization of the occurrence of various abiotic stresses in the country impacting agriculture on a continuous basis and carry out basic and strategic research that will lead to development of technologies for mitigation and adoption of crops, livestock, horticulture, fisheries and micro organisms to such stresses.

India's membership in International Renewable Energy Agency (IRENA)

THE Cabinet has approved the proposal for India joining the International Renewable Energy Agency (IRENA), and for contributing US\$ 112,500 in the first year to this world body. This membership of IRENA will enable India to forge partnerships with other member countries at a multilateral level for accelerating development and deployment of Renewable Energy technologies. Development of renewables with support of the global players and lead countries would have a positive impact on the country's energy security position in accordance with our nationally designed programme. The governance structure of IRENA is much akin to various multilateral organizations including those of the UN.

INDUSTRY WATCH

- **India seeks easy entry for drug companies in Japan**
- **Leather exports record 20% growth in April-October**
- **MFs back on growth track**
- **Vaccines market set for explosive growth**
- **MT sector to be Rs 40 billion by 2010**
- **19 Indian banks in top 500 global financial brands 2009**

India seeks easy entry for drug companies in Japan

INDIA is set to ask Japan to facilitate the entry of Indian pharmaceutical companies in the world's second-largest drug market. The matter will be raised when the two sides discuss a bilateral comprehensive economic partnership agreement. The Government would ask the Japanese authorities to appoint a separate agency to help Indian companies export their medicines to Japan.

Indian companies are the world's largest suppliers of generic drugs, which are low cost versions of off-patent drugs. Currently, the generic drug penetration in Japan is about 5%, which translates to a US\$ 3 billion market. The Japanese Government is making regulatory changes to promote generic drugs to reduce health care costs and expects generic drug penetration to reach 30% in volumes by 2012-13.

Leather exports record 20% growth in April-October

THE leather exports sector grew 20% in the H1 of financial year 2009, registering a 20% rise over the previous year. There are 393 exhibitors this year, 122 being foreign. The same figures stood at 400 and 132 last respectively year. India's share in the global US\$ 116-billion leather market is a minuscule Rs 3.5 billion. The domestic market is estimated to be worth around Rs 2.5 billion. The Indian leather sector (domestic and exports together) employs around 2.5 million people.

MFs back on growth track

THE Mutual Fund (MF) industry has shown signs of growth. The industry's average Assets Under Management (AUM) in January has gone up from Rs 4,211.16 billion to Rs 4,609.48 billion, a rise of 9%. Birla Sun Life Mutual Fund has witnessed the highest growth among the top five Asset Management Companies (AMCs) in %age terms. Its AUM has shot up by 15.29% to Rs 421.57 billion from Rs 365.65 billion. Out of the Rs 390 billion increase in AUM in absolute terms, the top five mutual funds have witnessed the maximum growth.

Vaccines market set for explosive growth

THE vaccines market in India will lead the demand growth in South-East Asian countries as many new vaccines are set to be launched in five years. Global vaccine sales were US\$ 21 billion in 2008 while the Indian market was valued at US\$ 360 million. India, Russia, Brazil, China and the entire South-East Asia are set to become a major market. About 13 million people die in the developing countries alone; this could be prevented by vaccines.

MT sector to be Rs 40 billion by 2010

MEDICAL Transcription (MT) industry will be worth Rs 40 billion by 2010 and could employ as many as 50,000 people. It predicts that this industry is here to stay for at least 10 years. It estimated the size of the US MT industry, which is in the range of around US\$ 12 million in 2005, would reach US\$ 16.8 billion by 2010. The work offshored was expected to be in the region of US\$ 860 million in 2010, of which India is expected to capture US\$ 647 million. India remained a preferred offshore destination primarily due to availability of manpower and industry maturity.

19 Indian banks in top 500 global financial brands 2009

THE Indian tally in the Global 500 has more than tripled to 19 in 2008, up from 6 in 2007. The biggest gainer from India is HDFC Bank, up US\$ 243-million in brand-value from 2007 to US\$ 611-million. The bank also saw a commendable rank improvement, from 236 (in 2007) to 151 (2008). Axis Bank moved up by a dizzy 112 rungs, to 267 position in 2008 and Kotak Mahindra Bank too improved its global ranking to 278. Interestingly, all 13 new entrants in the league table from the country are Government run.

CORPORATE HIGHLIGHTS

- **Nissan-Renault seek ally for Chennai plant**
- **Japanese agency to lend over US\$ 2.25 b to India**

- **Epson launches first store in Mumbai**
- **PNB & NBHC entered into a MOU**
- **Union Bank signs MoU with GLIM**
- **GAIL, IFFCO sign MoU**
- **Fortis ties up with International Oncology**
- **Hyundai ties up with Syndicate Bank for auto loan**
- **Boeing signs land deal for MRO in Nagpur**
- **Maharashtra Government signs 5 MoUs for Rs 60 billion investments**
- **NHBC inks MoU with HWC**
- **BHEL signs MoU with KEL**
- **Eaton in pact with Tata Motors**
- **Iffco, IPL ink pact for DAP import**

Nissan-Renault seek ally for Chennai plant

JAPANESE and French automakers Nissan and Renault want to induct a third partner in their joint US\$ 1.1-billion, Chennai factory project, which is scheduled to manufacture cars and SUVs by 2010. Nissan has a US\$ 500 million JV with Ashok Leyland for LCVs that signed a MoU with the Tamil Nadu Government for a 380-acre factory in Pillaipakkam, also near Chennai, with a capacity to manufacture 100,000 units a year. It is this project that Nissan-Renault wants Ashok Leyland to shift to their Chennai plant.

Japanese agency to lend over US\$ 2.25 b to India

JAPAN International Cooperation Agency, which lends for development projects in emerging economies, will disburse more than its targeted US\$ 2.25 billion loans to India in the remaining part of this fiscal. Despite the economic downturn, the agency does not foresee any fall in its lending activities for India and rather expects the actual receivables by the projects in India in terms of US dollar to also benefit from the appreciation in the Japanese currency yen.

Epson launches first store in Mumbai

JAPANESE imaging solutions provider Epson launched its first Pro Centre store in the city for showcasing its printer range, carrying out demos and for facilitating customer bookings. They are planning to expand operations in India, as it is a growing market and are looking at setting up more stores in the metros like Delhi, Chennai and Bangalore. A US\$ 13-billion company, Epson has been manufacturing imaging printers since 1968 and has presence in 109 countries.

PNB & NBHC entered into a MOU

PUNJAB National Bank (PNB) & National Bulk Handling Corporation (NBHC) entered into a MoU under which NBHC will provide Collateral Management and Referral Services to PNB. Managing Director and CEO, NBHC, and General Manager, PNB have signed and exchanged copies of the MoU.

Union Bank signs MoU with GLIM

UNION Bank of India signed a MoU with Great Lakes Institute of Management (GLIM), Chennai which would facilitate the setting up a Union Bank Great Lakes Center for Banking Excellence (UBGLCEB) and a Faculty Chair as part of this MoU for conducting research and learning program initiatives in banking, Financial services sector and Insurance. The collaboration between the bank and GLIM will contribute to the body of the knowledge in the domain of

banking management as discipline through research papers, publications, seminars, symposia, workshops and other allied activities.

GAIL, IFFCO sign MoU

GAIL (India) Ltd and Indian Farmers Fertiliser Cooperative Ltd (IFFCO) have signed a MoU for co-operation in natural gas sector related opportunities in India. Under this agreement, both the companies would jointly evaluate the potential of setting up of a gas-based power plant and other industries, including chemicals, fertilisers, Compressed Natural Gas (CNG) and Piped Natural Gas (PNG). The two will also explore the possibility of sourcing of natural gas/LNG for the identified projects. The feasibility study for identified projects would be carried out by GAIL and IFFCO jointly

Fortis ties up with International Oncology

FORTIS Healthcare has tied up with International Oncology, a US-based company formed by a group of Indian doctors working overseas. As per the tie-up, a team of about 12 doctors from International Oncology has started offering cancer care treatment, including radiation therapy, medical oncology, surgical oncology and bone marrow transplant at Fortis' Noida hospital. Based on the experience and outcome of the partnership, the two companies may expand their collaboration to other hospitals of Fortis. International Oncology is also looking to set up independent hospitals in India, particularly at tourist destinations such as Jaipur and Delhi to attract foreigners.

Hyundai ties up with Syndicate Bank for auto loan

HYUNDAI Motor India Ltd has signed a MoU with Syndicate Bank to accelerate car loan disbursals for Hyundai vehicles and also offer attractive auto loan schemes for its potential customers across India. With over 2,200 branches across the far-ends of the country, the tie-up with Syndicate Bank will help both the partners to reach out to wider market and make loans convenient and easy to finance.

Boeing signs land deal for MRO in Nagpur

BOEING has signed lease agreement with Maharashtra Airport Development Company (MADC) for setting up a US\$ 100 million Maintenance, Repair and Overhaul (MRO) facility. The facility is a JV between the aerospace major and national carrier Air India, while MADC, a Government agency, has provided the land. The 99-year lease agreement is for 50 acres of land located adjacent to the Dr Babasaheb Ambedkar International Airport under the prestigious Multi-modal International Passenger and Cargo Hub, Nagpur (MIHAN) project.

Maharashtra Government signs 5 MoUs for Rs 60 billion investments

THE Maharashtra Government has approved 135 mega projects since June 2005 which have brought in an investment of Rs 1,530 billion. The projects have potential to generate 0.5 million jobs in five to seven years. 35 mega projects were approved in the current fiscal, of which 1.6 million given the go-ahead in the current month. The rate of implementation of projects is 51%. Some of the companies which signed up, have already acquired land for the projects.

NHBC inks MoU with HWC

National Bulk Handling Corporation (NHBC), the collateral and commodity management services provider, and Haryana Warehousing Corporation (HWC), a Government enterprise, signed a MoU to form strategic collaboration in commodity and warehousing management services. The

agreement was signed in Mumbai by IAS, Managing Director of HWC and Managing Director of NBHC.

BHEL signs MoU with KEL

BHARAT Heavy Electrical Ltd (BHEL) has entered into a MoU with Kerala Electrical and Allied Engineering Co Ltd (KEL) for setting up a JV. The proposed venture will manufacture equipment such as wind power generators. They have already installed over 100,000 MW of power generating capacity world-wide. The company is gearing up to meet emerging demands in the transportation segment, which is expected to grow exponentially due to the railways plans for capacity enhancements.

Eaton in pact with Tata Motors

EATON Corporation has signed an agreement with Tata Motors, whereby its truck group will supply heavy duty synchronised transmissions to Tata Motors for use on its world truck programme in India as well as global markets. The agreement is valid till 2014. Initial production will take place at Eaton plants in Tczew, Poland, and Wuxi, China, with production moving to its new facility in Pune, India, as volumes increase. This is a very important achievement for Eaton in meeting our significant growth goals for India and the Asia-Pacific region in general.

Iffco, IPL ink pact for DAP import

THE Indian Farmers Fertiliser Cooperative (Iffco) and Indian Potash Ltd (IPL) have entered into an annual contract to purchase 1.2 million tonnes (mt) of Di-ammonium Phosphate (DAP) from PhosAgro of Russia and the Swiss fertiliser trader, Ameropa. The purchases, to be undertaken from April to February in the coming fiscal, will be linked to international prices as published in the Fertiliser Market Bulletin. The prices would be based on the published rates for two months prior to the month of delivery.