



**MARKET MOVEMENT**

Major Indices	Jan 15, 2010	Jan 22, 2010	% Change	Change
BSE Sensex	17,554.30	16,859.68	(3.95)	
NSE Nifty	5,252.20	5,036.00	(4.11)	

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

- **New pact with Finland to avoid double taxation**
- **RBI notifies relaxation in remittance norms**
- **Clinton Foundation inks pact with Government for solar parks**
- **Government approved usage of local machines for large power plants**

**New pact with Finland to avoid double taxation**

**India and Finland have signed a revised Double Taxation Avoidance agreement (DTAA).**

A revised Agreement and Protocol between the Republic of India and the Republic of Finland for the avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (DTAA) was signed by Government of India and Government of Finland. As per the revised Agreement, withholding tax rates have been reduced on dividends from 15% to 10%, and on royalties and fees for technical services from 15 or 10% to a uniform rate of 10%. Lowering of withholding tax will promote greater investments, flow of technology and technical services between the two countries. The revised Agreement also expands the ambit of Article concerning Exchange of Information to provide effective exchange of information in line with current international standards.

**RBI notifies relaxation in remittance norms**

**RESERVE Bank of India (RBI) has notified relaxation in remittance norms regarding salary earned by foreign nationals employed in India by a foreign Company or an Indian citizen employed by a foreign Company outside India.** These individuals may open, hold and maintain a foreign currency account with a bank outside India and receive the whole salary payable to him for the services rendered to the office/branch/subsidiary/Joint Venture in India of such foreign Company, by credit to such account, provided that income-tax chargeable under the Income-tax Act, 1961, is paid on the entire salary as accrued in India.

### **Clinton Foundation inks pact with Government for solar parks**

**CLINTON** Climate Initiative (CCI), a programme of US-based William J Clinton Foundation, has joined hands with Rajasthan Government to set up solar parks in the state. Each solar park will serve as a concentrated zone of solar development in Rajasthan and will include 3,000 to 5,000 Megawatts of solar generation as well as manufacturing over a period of time. The project envisages an integrated solar city wherein all the raw materials including glass and panels will be produced by them, bringing down the cost substantially. They are expecting to attract an investment of over Rs 500 million from these projects in next five years.

### **Government approved usage of local machines for large power plants**

**GOVERNMENT** has approved large power plants with a capacity to generate 4,000MW of power a proviso requiring such plants that will be awarded in the future to use local power generation equipment. It is expected to provide a fillip to domestic manufacturing, comes after some serious lobbying by local power equipment makers. The decision on Ultra Mega Power Plants (UMPPs) will also benefit domestic power generation equipment manufacturers such as state-owned Bharat Heavy Electricals Ltd (Bhel) and Larsen and Toubro Ltd (L&T), which has a joint venture with Mitsubishi Heavy Industries Ltd (MHI) of Japan.

## **INDUSTRY WATCH**

- **Karnataka plans to set up 1,000 acre Japanese village**
- **China opens pharma market**
- **Investment proposals by India Inc grow by 16% in 2009**
- **Exports of gems, jewellery rise 45 % in December**

### **Karnataka plans to set up 1,000 acre Japanese village**

**KARNATAKA** Government is planning to set up a 1,000-acre 'Japanese village' which will house Japanese industrial and business establishments. The Government has approved investments to the tune of Rs 1,700 billion from mega industrialists and about Rs 7.50 billion from small and medium enterprises in the last few months, is now trying to attract investments in automobile sector as the segment was growing fast. Efforts are also on to attract investments in the sector of high-value minerals especially the platinum group of minerals besides diamond, gold and copper. In this regard, the Government is trying to convince Multi National Companies (MNCs) engaged in gold business to invest in the State.

### **China opens pharma market**

**CHINA** has agreed to initiate the process of opening up the pharmaceutical market for Indian companies. There will be a lot of scope for Indian companies to market products as the country's health delivery system was being hugely expanded. Indian pharmaceutical companies have been facing difficulties due to non-tariff barriers, making it difficult for them to distribute medicine products in China. Healthy trade growth would be helpful in developing strong strategic relationship.

### **Investment proposals by India Inc grow by 16% in 2009**

INDIA Inc saw an increase of about 16% to US\$ 345.3 billion in 2009. The total investment plans of Indian companies increased from US\$ 299.12 billion in 2008 to US\$ 345.3 billion in 2009 in sectors like power, real estate and infrastructure. Gujarat, Orissa and Andhra Pradesh have received maximum investment proposals among the states with 15.4%, 12.6% and 8.1% respectively of the total proposed investments.

### **Exports of gems, jewellery rise 45% in December**

THE exports of gems and jewellery from India, the world's largest supplier, rose 45 % in December to US\$ 1.89 billion. Exports during the April-December 2009 increased to US\$ 19.6 billion from US\$ 19.1 billion a year earlier. Exports of cut and polished diamonds in the April-December 2009 period stood at US\$ 12.06 billion as compared to US\$ 11.5 billion in the corresponding period last year.

## **CORPORATE HIGHLIGHTS**

- **Nissan to export India-made small car from August**
- **Tata acquires Mosaic from BT**
- **NMDC, Tata Steel sign MoU**
- **SpiceJet ties-up with MAS Aerospace**
- **RInfra inks concession pact with Government**
- **Ranbaxy acquires Biovel's assets**
- **CRP India, US firm form JV**
- **Bharti - Limelight link up to deliver multimedia services**

### **Nissan to export India-made small car from August**

JAPANESE automaker Nissan will begin exporting its small car, Micra, from its Chennai plant to Europe within two months of its launch in India. The production line of the car is being transferred from the UK as part of Nissan's business plan for the Indian market. Following the India launch in June, they will start exporting the Micra by August. Nissan had also wrapped up production trials of the car in the Chennai plant. The Company is taking the cue from Hyundai and Suzuki, which have made India the export hub for their European offerings including the i10, i20 and A-Star.

### **Tata acquires Mosaic from BT**

TATA Communications announced an agreement to acquire the Mosaic business of the BT Group (formerly British Telecom). Mosaic is a web portal-based on-demand digital media management platform that manages content and workflow from production to distribution across market ecosystems. The Mosaic business helps media customers improve cross-enterprise content creation, management and multi-format delivery. It is targeted at the entire spectrum of media customers encompassing production houses, emerging digital media publishers, content service providers, and TV channels.

### **NMDC, Tata Steel sign MoU**

**NMDC, State-owned iron ore producer and Tata Steel signed a Memorandum of Understanding (MoU) to examine the possibility of a strategic alliance for acquisition,** exploration and development of mines and setting up integrated steel plants. The two companies would set up a working group to explore and finalise the areas of cooperation and submit its report to a steering committee. Thereafter a decision to enter into joint venture would be taken. Tata Steel and NMDC have planned to jointly address mining and steel-making opportunities. The country's steel policy envisaged doubling of steel-making capacity over the next decade has appeared as an opportunity for both the companies to work together towards this goal.

### **SpiceJet ties-up with MAS Aerospace**

**SPICEJET, budget air-carrier has tied-up with MAS Aerospace Engineering of Malaysia for the maintenance of its Boeing 737 aircraft.** Under the contract which has been signed for a three-year period, SpiceJet aircraft will be sent to MAS for 'C' and heavy checks, starting from this year. The Company is also setting up a Maintenance, Repair and Overhaul (MRO) facility in collaboration with Hyderabad-based GMR airport, which is likely to come up by the first quarter of the next year. The facility will have the capacity to service between 60-80-aircraft annually

### **RInfra inks concession pact with Government**

**RELIANCE Infrastructure Limited (RInfra)-led consortium has signed the concession agreement with the Maharashtra Government for the second line of Mumbai Metro Rail Project.** The concession period is of 35 years with an extension clause of another 10 years. RInfra, would be executing this project in a consortium comprising Reliance Communication and SNC Lavalin Inc, Canada. The project has been awarded by the Government for undertaking the development of Mumbai Metro line-II, pursuant to an international competitive bidding process under a Public Private Partnership (PPP) framework.

### **Ranbaxy acquires Biovel's assets**

**RANBAXY Laboratories Ltd has announced a deal with Bangalore-based Biovel Lifesciences Pvt Ltd for acquiring latter's product rights and a manufacturing facility.** The move will enable Ranbaxy enter the vaccines market, estimated at Rs 3,600 crore in India and \$21 billion globally. In India, the vaccines market is growing at 10 % annually. The transaction will give Ranbaxy access to all of Biovel's products, pipeline, IP, know-how and manufacturing facility. The deal is not an outright acquisition of Biovel and includes only the assets of the Company.

### **CRP India, US firm form JV**

**CRP India Private Ltd has formed a Joint Venture (JV) with Twin City Die Castings (TCDC).** The JV partners are planning to invest around Rs 1 billion over the next three years. A new Company CTI has been formed with CRP holding a 51% stake and Twin City the remaining 49%. The Joint Venture will cater to TCDC's international clients in India and other parts of the globe. The new Company is eyeing 30-50% of the business through exports. The new Company is looking at acquiring companies which have a turnover of around Rs 1 billion. This would give both manufacturing and customer access.

**Bharti - Limelight link up to deliver multimedia services**

**BHARTI Airtel has tied up with Limelight Networks to launch Content Delivery Network (CDN) services in the country** as it wants to help international players deliver multimedia content to Indian players, while simultaneously helping local companies to deliver content to foreign ones. Limelight is the second-largest CDN player globally in terms of revenues. The combine will set up servers in Chennai and Mumbai that complement Airtel's existing network infrastructure that enables it access to undersea cables via international cable landing stations at these two cities.