



**MARKET MOVEMENT**

Major Indices	Oct 02, 2009	Oct 09, 2009	% Change	Change
BSE Sensex	17,134.55	16,642.66	(2.87)	
NSE Nifty	5,083.40	4,945.20	(2.71)	

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

- **MOIA in labour agreement with Denmark**
- **Rajasthan Government amends cooperative Act**
- **New direct tax code: Commerce Ministry bats for SEZs**
- **Government relaxes norms to speed up highway projects**

**MOIA in labour agreement with Denmark**

**THE Ministry of Overseas Indian Affairs (MOIA) has inked a comprehensive labour mobility partnership with the Government of Denmark which provides for labour market expansion and employment facilitation between the two countries.** This agreement will open up the labour market for Indian professionals. To start with the sectors covered include highly skilled IT and biotech professionals and healthcare and hospitality workers. The labour agreement, which is the first of its kind for both the countries, will provide the framework for a larger Indo-European Union (EU) mobility partnership which will address skilled labour shortages in EU countries that are facing a demographic shift and ageing workforce in recent years.

**Rajasthan Government amends cooperative Act**

**RAJASTHAN Government has decided to amend the state cooperative Act which empowers the cooperative societies to work as autonomous bodies.** The amendment will help the state Government in strengthening the short term co-operative credit societies and credit management with a financial assistance of Rs 4.5 billion from the Government. It would also enable the de-linking of the state Governments from the co-operative credit structure and handing over the entire jurisdiction to the Reserve Bank of India (RBI). The cooperative banks in the state would now be able to do business across the country.

**New direct tax code: Commerce Ministry bats for SEZs**

**GOVERNMENT has decided to retain all the fiscal incentives for the Special Economic Zones (SEZ) in the new direct tax code.** The code says the profit-linked and other incentives would remain applicable even after the new tax regime comes into effect and its explanation has created an apprehension among investors. The ministry has underscored the need for continuation of the tax-free enclaves, stating that fiscal sops are the main attractions for the promotion of SEZs.

**Government relaxes norms to speed up highway projects**

**THE Government made it easier for builders to execute highway projects by relaxing the norms for public-private partnerships in the road sector.** The move is expected to speed up road

development and create jobs for the poor. The Government has approved the recommendations on highway development. The Government has granted permission to relax the restrictions on cross-holding between developers bidding for a project by raising the limit to 25% from the current 5%. The Government also allowed the merger of the two components of Viability Gap Funding VGF).

## INDUSTRY WATCH

- **FDI in India crosses US\$ 100 billion mark**
- **Mutual funds in banking witness gain in September**
- **Railway earnings up 6.65 % in first half**
- **Organized retail sales grow 20%**
- **Handicraft exports zoom in September**

### **FDI in India crosses US\$ 100 billion mark**

**INDIA** received more than **US\$ 100 billion Foreign Direct Investment (FDI) through equity**. The cumulative FDI inflows since 2000 and up to July 2009 amounted to US\$ 100.33 billion, with the inflows in the first four months of the current financial year amounting to US\$ 10.49 billion. The major investors accounting for this inflow include Singapore, the US, the UK and the Netherlands. India is being taken as a safe and dynamic destination for investment as the economy is growing at 6%. The investors also want to diversify their portfolio from China by investing here. India's services sector attracted the most inflows, accounting for 23% of the cumulative equity FDI inflows followed by computer software, hardware, telecommunication and real estate.

### **Mutual funds in banking witness gain in September**

**MUTUAL** funds investing in the banking sector witnessed an increase in net values in **September 2009 on the back of improved corporate results**. The month of September 2009 saw banking sector mutual funds move up an average of 15.8%, exceeding the 9.3% rise in India's benchmark 30-share index. The second week of October Indian firms will start releasing their quarterly results and advance tax payments suggest robust profits. September 2009 also saw the net value of Indian fixed income funds that invested in Government securities increase by 75%.

### **Railway earnings up 6.65% in H1**

**DESPITE** the economic slowdown, **Indian Railways** saw its earnings rise 6.65% to **Rs. 409.10 billion during the H1 of this fiscal from Rs.383.58 billion in the like period of last fiscal**. Total income from freight movement went up by 5.84% to Rs.276.31 billion during April-September 2009 from Rs.261.07 billion it clocked during the like period a year ago. Earnings from passengers stood at Rs.115.73 billion in the period under review compared to Rs.107.55 billion last fiscal, registering an increase of 7.61%. The railway carried a total of 3.69 billion passengers during the first half of this fiscal, against 3.53 billion people during the same period of last fiscal to log an increase of 4.5%.

### **Organized retail sales grow 20%**

**THE** **Rs 1000 billion organized retail industry, among the largest job creators in the services sector, is showing good signs of growth**. Modern retailers, show the segment has grown 20% in the September quarter of this financial year. This is a leap from the 5% growth it

clocked in the first quarter. Just before the meltdown last year, the retail segment was growing at a pace of 35%. Retailers are leveraging the current market dynamics by concentrating their presence in established metropolitan catchments, curtailing exuberant expansion plans and focusing on offering greater value to the shopper community.

### **Handicraft exports zoom in September**

**THE handicraft sector is showing signs of revival with the export showing an increase of nearly 178% in September.** The European Union (EU) and the US account for nearly 70% of the export market. The export increased to \$46.87 million in September this fiscal, against a mere \$16.88 million a year ago. Export Promotion Council for Handicrafts (EPCH) has organized vigorous publicity campaigns in the main markets of gifts and handicrafts besides also emerging markets.

## **CORPORATE HIGHLIGHTS**

- **Aegis acquires Sri Lankan outsourcing Company**
- **Ranbaxy to market Daiichi Sankyo's products in Mexico**
- **GVK Biosciences, Quantitative in pact**
- **Tata BlueScope, Arshiya International tie-up**
- **KSK Surya, Applied Materials in pact for solar power farms**
- **German Company, Suryachakra in solar power venture**
- **Toyota unveils green sports car**
- **Hotel industry giants entered into JV**
- **Aviva, India Post announce tie-up**

### **Aegis acquires Sri Lankan outsourcing Company**

**The \$50 billion Business Process Outsourcing (BPO) services arm of the Essar group, Aegis Ltd has made its 14th acquisition in five years by buying an 80% stake in Sri Lankan BPO firm iSmart Timex Pvt. Ltd.** The purchase was done through Essar Services Holdings Ltd, the holding Company of Aegis. Aegis will now offer services from 35 delivery centres across the world. The balance 20% of iSmart continues to be with Timex Garments Ltd, the Sri Lankan business group of which iSmart Timex was a part.

### **Ranbaxy to market Daiichi Sankyo's products in Mexico**

**Ranbaxy Laboratories Ltd has said that it would start marketing Japan's Daiichi Sankyo's products in Mexico through a recently created marketing division.** This is the first time in Latin America that Daiichi Sankyo and Ranbaxy are leveraging mutual synergies post the acquisition of the Indian drug maker. American markets and local presence paves the way for an immediate market entry for Daiichi Sankyo, while priming the channel for the launch of Ranbaxy specialty products in the future. Ranbaxy is also leveraging Daiichi Sankyo's strength to retail some of its generic products in the Japanese market.

### **GVK Biosciences, Quantitative in pact**

**GVK Biosciences and Quantitative Solutions (QS), a modeling and simulation consultancy firm, have entered into a partnership to develop and market clinical trial outcome databases.** According to the agreement, GVK Bio would distribute globally existing QS databases

in five indications including rheumatoid arthritis and psoriasis, neuropathic pain, osteoporosis and major depression. The Hyderabad-based Company and QS would also jointly develop and market additional databases in dyslipidemia, schizophrenia, Alzheimer's and other indications. The alliance with QS is a major step to create infrastructure that supports the now mandated model of quantitative drug development

### **Tata BlueScope, Arshiya International tie-up**

**Tata BlueScope Building Solutions (TBBS), a division of Tata BlueScope Steel Ltd, has tied-up with Arshiya International Ltd** to provide Butler Building Systems for Arshiya's upcoming warehousing projects in India. TBBS has started work, and is currently executing six Butler Buildings at Panvel. Arshiya plans to erect 19 warehouses and chillers units at Panvel and, subsequently, intends to erect 40-50 warehouses at Nagpur and Noida. The infrastructure sector, especially the warehouse segment holds a tremendous growth potential. Now, they are well-poised to successfully meet the evolving demands of the emerging warehouse markets.

### **KSK Surya, Applied Materials in pact for solar power farms**

**KSK Surya Photovoltaic Venture announced that it has signed a contract with Applied Materials Inc** to purchase two of the latter's SunFab Thin Film Lines for manufacturing solar panels and in setting up solar farms. The project envisages an annual capacity of about 150 MW. These large panels would enable them to quickly build PV capacity and supply renewable energy at an affordable cost. The Company expects to apply its power generation experience in deployment of solar farms. KSK Surya also signed a service contract with Applied Materials covering the first five years of production. This includes support and preventive and corrective maintenance, spare parts and other services to optimise equipment performance and output.

### **German Company, Suryachakra in solar power venture**

**German solar power major MAN Solar Millennium GmbH (MSM) is upbeat on the potential of joint development of concentrated solar power projects (CSPs) in India**, which it plans to address through special purpose vehicles (SPVs). The Company has entered into a Joint Venture (JV) with Suryachakra Power Venture to establish a series of solar projects. The Company plans to establish solar power projects connected to the grid with a total capacity of 500 MW in a phased manner. The MAN-Suryachakra venture covers development, finance and operation of solar thermal plants. The technology adopted is suited for large scale applications.

### **Toyota unveils green sports car**

**Toyota unveiled a new lightweight, sporty concept car inspired by an iconic coupe from the 1980s, saying its vision of the future Trabant e-car.** With a low centre of gravity and a special two-litre boxer engine, the rear-wheel drive FT-86 is said to handle like a race car but with less damage to the environment. The cherry-red concept car, aims to rekindle passion for its Corolla AE86 of the 1980s. Toyota, the pioneer of petrol-electric hybrid cars, has said it aims to launch an electric car in the United States by 2012.

### **Hotel industry giants entered into JV**

**Duet India Hotels(DIH), an investor and developer of mid scale business hotels has signed an agreement with Starwood Hotels & Resorts Worldwide,** to open the Four Points by Sheraton Jaipur City Square. The new build 115-room hotel at Jaipur has recently opened and will be managed by JHM Interstate Hotels; a Joint Venture (JV) between JHM Hotels and Interstate Hotels & Resorts, both US based hotel management companies. Deals were available at

attractive valuations for cashed up companies such as DIH who are pursuing an aggressive investment and development strategy to take advantage of the current market conditions.

**Aviva, India Post announce tie-up**

**Aviva Life Insurance and India Post announced a nation-wide strategic partnership with India Post** under which Aviva customers can make payment of premiums at any of the 8,294 computerized post offices across the country without any additional cost. The premium amount collected by the post offices will be transferred to Aviva through e-payment system of India Post. The tie-up with India Post will make it convenient for customers to pay their renewal premiums on time ensuring that the policy continues and will result in lower lapse rates.