



MARKET MOVEMENT

Major Indices	Oct 10, 2009	Oct 16, 2009	% Change	Change
BSE Sensex	16,642.66	17,195.20	3.32	
NSE Nifty	4,945.20	5,108.85	3.30	

INDIAN ECONOMY AT A GLANCE

POLICY WATCH

- Government clears Rs 4.5 billion for infra work
- Facility for e-payment of VAT launched
- India, Argentina sign civil nuclear pact
- Renewable energy MoU with Scotland

Government clears Rs 4.5 billion for infra work

THE Government has approved Rs 4.5 billion for work on the initial phase of the proposed Vizhinjam International Container Transshipment Terminal project. The Vizhinjam International Seaport Ltd (VISL), a Company floated by the State Government for implementing the project, will coordinate work on associated infrastructure development. The scope of the work includes ensuring rail and road network connectivity, water supply and electricity. The Government has approved a sanction of Rs 40 million to the Kerala Water Authority to bring water from the Vellayani Lake while the Kerala State Electricity Board will set up the substations and other infrastructure for power.

Facility for e-payment of VAT launched

THE Government Department is introducing e-payment facility for Value Added Tax (VAT) payments online. The facility is mandated for dealers whose taxable turnover is more than Rs 2 billion. But other dealers can also avail of this facility. The e-payment facility follows the introduction of the online filing of monthly returns introduced in November 2007. Over a 0.75 million dealers use this facility. Now payments can be made conveniently from anywhere and at anytime through this simple and transparent facility which ensures online transactions through a safe and secure mode.

India, Argentina sign civil nuclear pact

INDIA and Argentina signed a civil nuclear pact and nine other agreements. A joint statement issued between the two nations stated that India and Argentina will use the synergies between the vast experience of their nuclear scientists and technologists. Taking into account their respective capabilities and experience in the peaceful uses of nuclear energy, both India and Argentina have agreed to encourage and support scientific technical and commercial co-operation for mutual benefit in this field. India and Argentina also signed pacts on business visas, co-operation in science and technology and outer space.

Renewable energy MoU with Scotland

INDIA and Scotland has signed a Memorandum of Understanding (MoU) to drive innovation in renewable energy and support both Governments goals to increase supplies of wind energy, solar power and biofuels. The MoU, highlights both countries' commitment to jointly developing new renewables technology and encouraging innovation throughout their low carbon energy sectors. The agreement will boost collaboration between Indian and Scottish universities and research institutes and will leverage Scotland's world class energy research, development and deployment expertise.

INDUSTRY WATCH

- **India's Industrial Production up 10.4% in August 2009 over last year**
- **MSMEs report rise in turnover**
- **FII's invest US\$ 7.44 billion in Indian stocks during July-September 2009**
- **Auto sales jump by 14.51% in April-September**
- **Infrastructure Companies sign \$4.2 b loan pacts with World Bank**

India's Industrial Production up 10.4% in August 2009 over last year

INDIA'S industrial production expanded rapidly in August, with the Index for Industrial Production (IIP) growing 10.4% during August this year over the corresponding month last year. The General Index stands at 292.3, which is 10.4% higher as compared to the level in the month of August 2008. The cumulative growth for the period April-August 2009-10 stands at 5.8% over the corresponding period of the previous year. The Sectoral growth rates in August 2009 over August 2008 are 10.0% in Basic goods, 8.3% in Capital goods and 14.3% in Intermediate goods.

MSMEs report rise in turnover

MICRO, Small and Medium Enterprises (MSMEs) have reported increase in production, demand and overall turnover for the quarter ended September. 42% of MSMEs registered an increase in their production in Q2, as compared to 37% in the first quarter of the current fiscal. 22% of MSMEs reported an increase in their exports, as compared to only 17% for the previous quarter ended June. The Capital that credit flow to MSMEs has more than doubled in two years. In 2007-08, banks gave Rs 12700 billion as credit to the MSME sector; the same has increased to Rs 2570 billion in the financial year ended March 2009.

FII's invest US\$ 7.44 billion in Indian stocks during July-September 2009

FOREIGN Institutional Investors (FIIs) made a net investment of US\$ 7.45 billion in equities during July-September 2009. FIIs have been bullish on good returns from emerging markets, like India, with Indian blue chips yielding close to 17 % returns during the July-September 2009 period. The trend of strong FII inflows to the tune of US\$ 6.72 billion witnessed during first quarter of this fiscal, gained further strength leading to total cumulative FII inflows of about US\$ 13.01 billion at the end of September 2009.

Auto sales jump by 14.51% in April-September

TOTAL domestic car sales in the country in the H1 of the financial year 2009-10 rose by 14.51% year-on-year to 5,782,920 units. The jump in sales for the April-September period came

from the double-digit growth posted by the passenger vehicle segment (comprising cars and Special Utility Vehicles) which grew by 13.46%, by the 15.68% spurt in two-wheeler sales and by an increase of 12.37% in sales of three-wheelers. A positive sales growth in the Medium and Heavy Commercial Vehicle segment (M&HCV), also contributed to the rise in overall vehicle sales. Two-wheeler domestic sales for the month of September rose by 7.67 % to 838,150 units. Three-wheeler sales in September grew by 13.51 % to 41,137 units.

Infrastructure Companies sign \$4.2 billion loan pacts with World Bank

THE Government of India, India Infrastructure Finance Co Ltd (IIFCL), Power Grid Corporation (PGC) and World Bank signed loan agreements for three projects amounting to \$4.2 billion. IIFCL will get \$2.1 billion in two parts. The first part consists of \$1.195 billion long-term finance for infrastructure projects, which will come from the International Bank for Reconstruction and Development (IBRD). The second is a grant of \$5 million for the capacity building of IIFCL. The amount is expected to be disbursed by September 2015. The IBRD loan is a variable spread based on six monthly LIBOR. The loan duration will be for 28 years with a grace period of 7.5 years. The project is expected to be completed by June 30, 2015.

CORPORATE HIGHLIGHTS

- **Toshiba-JSW venture to start work on Chennai power equipment plant**
- **KVGB inks pact with Mahindra to fund tractors**
- **Anna University, BSNL ink pact**
- **VVA Hotels, Radisson sign pact**
- **Pantaloon arm ties up with US Company Skechers**
- **Kochi port signs MoU with IWAI for barge service**
- **Coal India, NTPC form Joint Venture**
- **Cochin Shipyard, FACT sign pact**

Toshiba-JSW venture to start work on Chennai power equipment plant

THE Joint Venture (JV) between Toshiba of Japan and the JSW Group, which is setting up an Rs 10 billion power plant equipment manufacturing unit in Chennai, plans to start work on the project by December and commission the first phase by 2011. The Joint Venture , in which Toshiba Corporation holds 75 % and the Sajjan Jindal-led JSW Group 25 %, will be manufacturing steam turbines and generators for thermal power plants with a total capacity to generate 3,000 MW of power. In the first phase the plant would only produce turbine blades. At a later stage, the Company will be setting up a full-fledged aluminium plant of capacity of 250,000 tonnes.

KVGB inks pact with Mahindra to fund tractors

THE Dharwad-headquartered Karnataka Vikas Grameena Bank (KVGB), a regional rural bank sponsored by Syndicate Bank, has entered into an agreement with Mahindra & MAHINDRA Ltd for advancing loans for purchase of Swaraj tractors, power tillers and other farm equipment. KVGB has contributed significantly to the farm sector through agriculture lending to the farmers of all categories. The bank has been consistently above the mandatory goal of 60 % of priority sector credit to the net bank credit. The agreement with Mahindra & Mahindra Ltd will facilitate expansion of tractor advance.

Anna University, BSNL ink pact

ANNA University, Chennai, signed a Memorandum of Understanding (MoU) with Bharat Sanchar Nigam Ltd (BSNL) to impart training in mobile communication to final year engineering students. Anna University, Chennai, the university would foot the bill for free training of 5,000 students in the State this year. Along with a five-day training programme in mobile communication, the training would include three-day theory, two-day practical training and two-day competence development session. The students would be selected from the streams of electronics and communication engineering, electrical and electronics engineering, computer science and engineering and engineering and information technology.

VVA Hotels, Radisson sign pact

THE Chennai-based VVA Hotels has tied up with Radisson Hotels International Inc, the US, to operate VVA's facility coming up in Chennai. The 0.15 million sq ft hotel coming up in Egmore will come under Carlson Hotels Worldwide's brand the Radisson Hotels chain. The hotel, Radisson Hotel Chennai City Centre, is expected to commence operation in about a year. Radisson Hotels chain is a full service hotel brand operating more than 400 properties in 68 countries.

Pantaloon arm ties up with US Company Skechers

WINNER Sports, a wholly-owned subsidiary of the Kishore Biyani-promoted Pantaloon Retail, has tied-up with US-based lifestyle footwear and apparel maker Skechers to license and distribute its products in India. Winner Sports will launch Skechers in India in November with select styles from men's and women's lines. Additionally, licensed apparel will be produced within India. Future Group operates retail chains like Big Bazaar, Pantaloons, Central and Planet Sports that are present in 73 cities and 65 rural locations across India

Kochi port signs MoU with IWAI for barge service

COCHIN Port Trust and Inland Waterways Authority of India (IWAI) have signed a Memorandum of Understanding (MOU) for operating Ro Ro/Lo Lo (Roll On - Roll Off/Lift On - Lift Off) barge service for transportation of containers between Willingdon and Vallarpadam Islands. According to the MoU, the Port Trust will provide the required land for the jetties and parking yards at the two terminals. The IWAI will finance the construction of the terminals comprising the jetties, parking yards and road connectivity to the terminals.

Coal India, NTPC form Joint Venture

STATE-owned NTPC has formed a 50:50 Joint Venture (JV) with Coal India Ltd for developing the Brahmini and Chichro Patsimal coal mine blocks to meet the coal requirements of the former's Farakka and Kahlagaon expansion projects in West Bengal and Bihar respectively. After meeting the coal requirements of these projects, the venture would also consider an integrated thermal power plant if found feasible.

Cochin Shipyard, FACT sign pact

COCHIN Shipyard Ltd and FACT have signed a Memorandum of Understanding (MOU) for joint operation of FACT Engineering Works (FEW). According to the agreement, Cochin Shipyard will place orders for products required for the shipyard with FEW on mutually agreed terms. In turn, FEW will be developed as a support industry for Cochin Shipyard, utilising the expertise and facilities of FEW. This is intended for the formation of a Joint Venture (JV) Company of FACT and CSL in due course.