



**MARKET MOVEMENT**

Major Indices	February 13, 2009	February 20, 2009	% Change	Change
BSE Sensex	9,634.74	8,843.21	(8.21)	
NSE Nifty	2,948.35	2,736.45	(7.18)	

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

- **DDA norms eased**
- **Planning Commission approves Rs 95 billion as annual plan of Orissa**
- **Government extends interest subsidy to exporters till September**
- **Centre grants duty credit for raw cotton exports**

**DDA norms eased**

THE Reserve Bank of India (RBI) liberalised the conditions for opening Diamond Dollar Accounts (DDA) and allowed AD Category– I banks to permit firms and companies to open and maintain DDAs. According to the RBI conditions, these exporter firms should comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government, issued from time to time. The DDA should be opened in the name of exporters and maintained in dollars only. The account should be only in the form of current account and no interest should be paid on the balance held. No intra-account transfer should be allowed between the DDAs maintained by the account holder.

**Planning Commission approves Rs 95 billion as annual plan of Orissa**

THE Planning Commission approved a sum of Rs 95 billion as the annual plan of Orissa for the year 2009-10. In particular, attention was drawn to the Central initiatives of constructing roads in nexalite affected areas. It was pointed out that the four districts of Orissa fall in this category. It also supported state's request for introduction of ad-valorem royalty on mineral.

**Government extends interest subsidy to exporters till September**

THE Government has extended the interests subvention of 2% till September for exporters, which was earlier availed of till March. The extension of interest subvention is a welcome step. The exporters are also expecting the abolition of fringe benefit tax and increase in the duty drawback rates. In the current environment, there is a clear need for contra-cyclical policy and it calls for a substantial increase in expenditure in infrastructure development where they have a large gap and in rural development where the programmes such as Bharat Nirman and NREGS are playing a vital social role.

**Centre grants duty credit for raw cotton exports**

THE Centre has granted Vishesh Krishi and Gram Udyog Yojana (VKGUY) benefits to raw cotton shipments. Under the scheme, exporters are entitled to 5 % duty credit scrip on the free-on-board value of their shipments. Thus, if a company exports Rs 1 billion, it can import other items

on which duty relief of up to Rs 50 million can be claimed. Alternatively, if the company has no import requirement, it can sell this Rs 50 million worth scrip in the secondary market to those who want to import.

## INDUSTRY WATCH

- **India records 45% growth in FDI**
- **IT companies extend reach in Egypt**
- **Indo-Russian trade to touch US\$ 10 billion by 2010**
- **Sugar sector outlook for 2009 stable**
- **M&E sector set to grow 12.5% by 2013**

### **India records 45% growth in FDI**

INDIA received a total of US\$ 23.3 billion in Foreign Direct Investment (FDI) between April-December 2008, recording a growth of 45%. India's GDP growth of 7.1% for the current year would make the country the second-fastest growing economy of the world. The Government had approved 37 infrastructure projects worth Rs 700 billion from August 2008 to January 2009 and gave in-principle or final approval to 54 central sector infrastructure projects with a project cost of Rs 677 billion. Further, the Government also approved 23 projects amounting to Rs 279 billion for viability gap funding in 2008-09.

### **IT companies extend reach in Egypt**

INDIAN Information Technologies (IT) firms are planning to extend their geographical presence to Egypt, the Egyptian Information and Communications Technology (ICT) segment, which has maintained a 20% growth rate and attracted local and foreign investments of more than US\$ 8 billion over the past three years, is attracting investments from Indian companies including Infosys, IBM Daksh and Firstsource to have global delivery centres in Egypt.

### **Indo-Russian trade to touch US\$ 10 billion by 2010**

RUSSIA has expressed willingness to strengthen its trade with India in sectors like banking, IT, telecom, tourism and space, and, in the process, double the trade volume to US\$ 10 billion by 2010 from the present US\$ 5 billion. About 60% of Russia's export to India is ferrous and non-ferrous metals, fertilizers, raw materials and newsprint. On the other hand, the country imports tea, coffee, tobacco, spices, perfumes, pharmaceuticals, textiles, leather and plastic goods from India.

### **Sugar sector outlook for 2009 stable**

THE outlook for India sugar in 2009 is positive, sugar is an essential food item of mass consumption and the prices are expected to remain range-bound through various regulatory measures. In the short-term to medium term, revenues as well as profitability continue to depend largely on sugar revenues, despite efforts to diversify. Diversified companies that are well integrated (distillery, co-generation) rather than pure sugar companies are well placed to enjoy profitability.

### **M&E sector set to grow 12.5% by 2013**

MEDIA & Entertainment (M&E) sector set to grow 12.5% to reach the size of Rs 1,052 billion by 2013. Low media penetration and advertisement to Gross Domestic Product (GDP) ratio were cited as the cardinal factors that are expected to spur growth in this segment. Advertisement revenues have been one of the main drivers behind the growth of the M&E industry, reflecting a

Compounded Annual Growth Rate (CAGR) of 17.1% over the last three years. The television industry is estimated to have reached Rs 241 billion, a growth of 14.2% in 2008.

## CORPORATE HIGHLIGHTS

- **New money-back policy from LIC**
- **Tata, Agusta sign MoU for copter venture**
- **BEML, BMRCL sign Metro order**
- **Emami Biotech, CTC pact for selling bio diesel**
- **Yahoo! in pact with ICC**
- **Datacom, Huawei sign MoU for GSM equipment**
- **Jet Air, Malaysia Air sign code sharing pact**
- **KSIDC signs pact with IL&FS IDC**
- **Coke, Pepsi tie-up with IPL teams**
- **TransDyne launches job security programme**

### **New money-back policy from LIC**

**THE Life Insurance Corporation of India (LIC) is launching its first close-ended, regular premium, guaranteed return money back policy.** LIC has set itself a target of collecting First Premium Income (FPI) to the tune of Rs 50 billion from the new policy. It plans to sell 10 million policies during its 44 days shelf life from February 16 to March 31. The new policy is the first money back policy launched by LIC in the last five years indicating the corporation's renewed focus on conventional policies.

### **Tata, Agusta sign MoU for copter venture**

**TATA Sons and European copter maker Agusta Westland, a Finmeccanica company, have announced signing a Memorandum of Understanding (MoU) to start a Joint Venture (JV) company for the final assembly line in India for AW119 helicopters.** The agreement was signed at the ongoing Aero India 2009. The JV will be responsible for AW119 final assembly, completion and delivery to customers worldwide, while Agusta Westland will retain global marketing and sales.

### **BEML, BMRCL sign Metro order**

**BEML has signed the letter of acceptance for the supply of Bangalore Metro Rail Cars (BMRCL).** A consortium comprising the defence PSU, South Korea's Rotem and Mitsubishi bagged the initial Rs 16.72 billion orders for 150 cars from Bangalore Metro Rail Corporation. BEML would begin supplying the cars from October 2010. BMRCL may have a requirement of an additional 30 cars (worth Rs 3 billion) and another 63 (worth Rs 6 billion) subsequently.

### **Emami Biotech, CTC pact for selling bio diesel**

**EMAMI Biotech Ltd has signed a MoU with Calcutta Tramways Company (CTC) for the supply of 250 kilo litre of bio diesel a month.** The company has a capacity to produce 300 tonnes of bio diesel a day at the Haldia plant. Bio diesel is a diesel-equivalent, processed fuel derived from biological sources (such as vegetable oils), which can be used in unmodified diesel-engined vehicles. The MoU with CTC would instill confidence among other Government organisations to use the product and play a pro-active role to ensure a pollution-free environment.

### **Yahoo! in pact with ICC**

**YAHOO! India and the International Cricket Council (ICC) have announced a 3-year partnership** by which Yahoo! will have access to exclusive images, videos, interviews and player chats around all major ICC events. For three years, [icevents.yahoo.com](http://icevents.yahoo.com) will be the online destination for all ICC tourneys, including the ICC World Twenty20, ICC Champions Trophy and ICC Cricket World Cup.

#### **Datacom, Huawei sign MoU for GSM equipment**

**DATAKOM has signed an agreement with Chinese equipment manufacturer Huawei for rolling out its GSM-based cellular network across nine circles.** Datacom will give a contract worth Rs 5 billion to Huawei for providing mobile connections to eight million subscribers. Datacom is one of the new players which got licences to offer telecom services in 21 circles. This is the second major deal which Huawei will bag in India after it had earlier got a contract from Reliance Communications.

#### **Jet Air, Malaysia Air sign code sharing pact**

**JET Airways has signed a code sharing agreement with Malaysia Airlines and network-wide reciprocal frequent flyer partnership to provide customers with enhanced travel connectivity and privileges.** Malaysia Airlines operates 32 flights from Chennai, Mumbai, Bangalore, Hyderabad and Delhi to Kuala Lumpur, while Jet Airways has one flight connecting Mumbai and Kuala Lumpur. Malaysia Airlines commands a market share of 34% of the total traffic between both the countries and expects revenue to go up by Rs 200 million, a growth of 10% post the deal.

#### **KSIDC signs pact with IL&FS IDC**

**THE Kerala State Industrial Development Corporation (KSIDC) has signed a MoU with IL&FS Infrastructure Development Corporation Ltd (IL&FS IDC) for development of industrial and infrastructure projects in the State.** KSIDC and IL&FS IDC have formed a new company, KSIDC-IL&FS IDC (KS3IDC) Ltd, for undertaking development of infrastructure projects on public private partnership format, or any other appropriate formats, in both Government and private domains. The project development initiatives will be taken up through KS3IDC Ltd, which will act as nodal agency of the sponsoring agencies in both the Government and private sectors.

#### **Coke, Pepsi tie-up with IPL teams**

**COCA-Cola is to be the beverage partner for Kolkata Knight Riders (KKR) for the second edition of Indian Premier League.** Sprite, the cola's clear-lime sparkling beverage brand, will get branding rights on player's apparel and on the helmet as pouring partner. The actor, who was a Pepsi endorser, is no longer associated with the brand. Pepsi is to be the beverage partner of the Chennai Super Kings team and is close to tying up with the Mumbai Indians.

#### **TransDyne launches job security programme**

**TRANSDYNE, an IT-enabled Services company has launched a job security programme called SmartShield.** The programme offers its present and future employees total job security for at least the next five years. It was formally launched at the job mela organised by the Greater Hyderabad Metropolitan Corporation (GHMC). TransDyne, engaged in outsourced Medical Transcription (MT) services, is confident because of the great demand in MT, which is a recession-free business. Projects are also those of big growth in the next few years, promising more jobs. TransDyne is presently recruiting trainee proof readers and transcriptionists.