



MARKET MOVEMENT

Major Indices	September 19, 2008	September 26, 2008	% Change	Change
BSE Sensex	14,042.32	13,061.54	(6.98)	
NSE Nifty	4,245.25	4,016.60	(5.38)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- External borrowing limit for infrastructure companies hiked
- 4 SEZs in Tamil Nadu get in principle nod
- EPFO can take back Rs 550 billion invested in special deposits
- India-Korea economic pact to push trade and investment

External borrowing limit for infrastructure companies hiked

THE Indian Government has further liberalized the External Commercial Borrowings (ECB) policy. This will allow infrastructure companies to avail themselves of borrowings of up to US\$500 million a year, as against the existing limit of US\$100 million, for rupee expenditure under the approval route. The enhanced limit of up to US\$500 million comes with a rider that borrowings in excess of US\$100 million should have a minimum average maturity of seven years. The latest changes will particularly benefit telecom operators who will participate in the 3G auctions slated for October-November this year.

4 SEZs in Tamil Nadu get in principle nod

TAMIL Nadu bagged four in principle approvals for Special Economic Zones (SEZ) among the 10 proposals that got in principle nod by the Board of Approval (BoA) for SEZs that includes L&T Shipbuilding Ltd-promoted Heavy Engineering SEZ in the State. The other three SEZs relate to the multi-services SEZ by Trac Technologies India, the multi-product SEZ by Tirunelveli Infrastructure Developers Pvt Ltd and the agro and food processing SEZ by Bhomsiaji Infrastructure Pvt Ltd. Other important in principle approvals for other States relate to the airport based multi-product SEZ in Himachal Pradesh by Skil Infrastructure Ltd and the auto components SEZ in Gujarat and a textile park SEZ in Punjab.

EPFO can take back Rs 550 billion invested in special deposits

THE Ministry of Finance has proposed to the Ministry of Labour that the latter could take back the Employees Provident Fund Organization's (EPFO) investments in the Special Deposit Scheme (SDS) run by the Ministry of Finance. EPFO, which is the second largest financial institution in the country after Life Insurance Corporation in terms of the amount of funds managed by it, comes under the administrative control of the Labour Ministry.

India-Korea economic pact to push trade and investment

INDIA and South Korea announced that all outstanding issues in the negotiations for forging the Korea-India Comprehensive Economic Partnership Agreement (CEPA) have been resolved smoothly, paving the way for it to be launched from the first half of 2009. At the conclusion of the 12th round of the Korea-India CEPA held in Seoul from September 22-25, 2008, it was stated that the CEPA Agreement is expected to further accelerate the growth of the flows of bilateral trade and investment between Korea and India. The bilateral trade has been growing by an average rate of around 27% over the last 3 years and amounted to US\$ 11.2 billion in 2007.

INDUSTRY WATCH

- **Semiconductor sector sees Rs 550 billion fresh investments**
- **Outlook is bright for express sector**
- **Tourism sector in North-East to attract global investment**
- **Indian rural telecom connections to grow to 200 million by 2012**
- **Organized retail to form 18% of overall retail pie**

Semiconductor sector sees Rs 550 billion fresh investments

THE semiconductor sector has attracted three new solar PhotoVoltaic (PV) proposals together worth nearly Rs 550 billion, thus taking the overall proposals under the scheme to 14 and the total investment commitment to almost Rs 1,360 billion. With this kind of investment, the sector is all set to take off. It is now for the industry to take advantage of the proactive policies of the Government and start work on the projects

Outlook is bright for express sector

ACCORDING to senior Vice-President, International Marketing, FedEx Services the express sector in India has a bright outlook and will continue to innovate and create solutions to match pace with this ever growing economy. The face of the logistics industry is changing previously logistics managers were focused on reducing costs. The decision today has become more marketing focused, with enhanced services and customer satisfaction being the key.

Tourism sector in North-East to attract global investment

ACCORDING to tourism minister, Australia and many South-Asian countries such as Cambodia, Vietnam and Thailand have evinced interest in investing in the tourism sector in the Indian state of Tripura. It was proposed to set up a tourism circuit in the region and introduce low cost helicopter services for smooth connectivity, and funds for the promotion of eco tourism.

Indian rural telecom connections to grow to 200 million by 2012

ACCORDING to Communications and IT Minister, Indian rural areas have a tele-density of around 11% with around 88 million phones and can grow to 200 million rural telecom connections by 2012, at a penetration rate of 25% and will utilize the Universal Service Obligation (USO) fund for the achievement of this goal. Further, with the Government targeting the figure of 600 million subscribers, there is massive scope for foreign investment in the telecom equipment manufacturing sector. It is expected that there will be a rise in numbers of internet and broadband subscribers to 40 million and 20 million, respectively, by 2010.

Organized retail to form 18% of overall retail pie

THE organized segment of the Indian retail industry is expected to grow from the current 5% of the total market to about 14-18% of the expected Rs 1,80,000 billion market by 2015. Of the current 204 million households in India, the report estimates that only about 13 million households have the income to patronize organized retail. The great news is that this relevant consumer segment will grow five fold from 13 million to 65 million households in the next eight years but mom and pop stores would continue to be relevant across the country, in both small and large towns.

CORPORATE HIGHLIGHTS

- **Samsung unveils OMNIA mobile**
- **BOJ injects more funds into financial system**
- **Tata Elxsi, Samtech arm in pact**
- **Satyam opens new facility in Pune**
- **Pragma Communication, US agency tie-up**
- **Reliance ADAG in pact with DreamWorks**
- **WWF watches launched by Titan**
- **Maytas Metro signs concession pact for Hyderabad rail project**
- **Videocon, BPCL buy Brazilian firm**
- **DuPont opens research facility**
- **Global Green acquires Hungarian company**
- **Karunya University inks pact with Sun Microsystems**

Samsung unveils OMNIA mobile

SAMSUNG Mobile has launched a high end phone to rival the Apple's iPhone. The company has brought its top of the line Samsung OMNIA in the Indian market. Starting at Rs 37,999, OMNIA is the most expensive of the three brands, and Samsung claims it offers better features compared to Apple's iPhone and Nokia N96. Samsung's patented TouchWiz user interface makes entering data and text simple. With unique widgets, users can customize and personalize the way they use their phone. The high resolution touch-sensitive 3.2 inch Liquid Crystal Display (LCD) screen uses intuitive tap, sweep, drag and drop operations as well as an on-screen qwerty keyboard.

BOJ injects more funds into financial system

JAPAN'S central bank injected emergency funds into the financial system for an eighth consecutive business day to try to calm volatile markets. The Bank of Japan (BoJ) pumped a total of US\$ 14 billion into the Tokyo money market. The BoJ and other major central banks are working together to ensure a flow of liquidity due to a credit crunch that pushed Lehman Brothers into bankruptcy.

Tata Elxsi, Samtech arm in pact

TATA Elxsi, the embedded technology arm of the Tata Group, has signed a Memorandum of Understanding (MoU) with Open Engineering the R&D subsidiary of the Belgium headquartered Samtech Group, a provider of Computer-Aided Engineering (CAE) software. Tata Elxsi will be Open Engineering's exclusive partner in India for the distribution and support of OOFELIE, software that provides CAD, CAE solutions for industrial engineering departments and research

centres. The MoU was signed between CEO, Open Engineering, and General Manager & Head, System Integration Services, Tata.

Satyam opens new facility in Pune

SATYAM Computer Services Ltd opened a development centre in the Pune Special Economic Zone (SEZ) at the Rajiv Gandhi InfoTech Park, Hinjawadi. The 475,000 square feet facility will eventually accommodate 4,750 associates. Currently, several hundred Satyam employees are working at the site on projects connected to global automotive companies and financial services institutions. Satyam now has 30 development centers in India and another 19 around the world.

Pragma Communication, US agency tie-up

PRAGMA Communication, a Bangalore based technology public relations consultancy firm, has announced its strategic partnership with the US based **Walt & Company Communications Inc**, an independent public relations agency specializing in consumer and enterprise technologies. The partnership will allow global client campaigns to be developed and implemented, ensuring cost effective execution by experienced teams that deliver optimal results.

Reliance ADAG in pact with DreamWorks

THE Reliance ADAG group has signed a deal with **Steven Spielberg led DreamWorks SKG** for a **US\$ 1.2 billion film production company**. According to the WSJ report, Reliance ADAG, through Reliance Big Entertainment, will invest US\$500 million in equity and provide another US\$700 million in debt through J.P. Morgan Chase & Company towards the new venture, which will produce about six films a year. The deal gives DreamWorks SKG the financial supports they need to leave Viacom Inc's Paramount Pictures and start a new venture.

WWF watches launched by Titan

PARTNERING with World Wildlife Fund (WWF) India, Titan has launched a range of watches that are inspired by some of India's endangered species such as, tiger, Indian rhino, Gangetic river dolphin, red panda, whale shark, and Olive Ridley turtle. This unisex collection, targeted at the new generation consumers, is available in different styles. The watches are priced between Rs 3,000 and Rs 3,800.

Maytas Metro signs concession pact for Hyderabad rail project

MAYTAS Metro Ltd (MML), the company formed to build, operate and transfer the Rs 121.32 billion metro rail project, has signed the formal concession agreement with the **Andhra Pradesh Government**. The company would have 26% in MML, while Nava Bharat would hold 16% and IL&FS and Ital Thai will hold 5% each. The State Government would hold 11%.

Videocon, BPCL buy Brazilian firm

VIDEOCON Industries and Bharat Petro Resources Ltd, a wholly-owned subsidiary of **Bharat Petroleum Corporation Ltd**, has completed the acquisition of **Brazilian company**, **EnCana Brasil Petroleo** for US\$165 million. The Joint Venture (JV) will also be paying US\$118 million as reimbursement of all the expenses of EnCana since January 1, 2007, talking the final deal amount to US\$283 million. Encana's assets comprise of 10 deep water offshore petroleum blocks in four Concessions in Brazil.

DuPont opens research facility

DUPONT India has opened its first research facility with 80 scientists and engineers at the DuPont Knowledge Centre (DKC). The DKC at Hyderabad, which would house 600 scientists and engineers when it is fully operational, has the scope to expand to 1,100 people. The sixth major Research & Development (R&D) facility for DuPont, the 15-acre DKC at Shameerpet, would have biotechnology laboratories, materials research laboratories and engineering design centre. The multinational company, which recorded global sales of US\$29.4 billion last year, would develop products for local and global markets.

Global Green acquires Hungarian company

GLOBAL Green Company Ltd, the foods division of the US\$ 3-billion Avantha Group, announced the acquisition of Hungarian company Puszta Konzerv Kft for an undisclosed amount. Based in Balmazujvaros, near Debrecen in Eastern Hungary, Puszta Konzerv manufactures sweet corn, peas, gherkins, mixed pickles, lecsó and tomatoes. This strategic move will also strengthen their plans to consolidate market leadership globally.

Karunya University inks pact with Sun Microsystems

SUN Microsystems India and Karunya University, Coimbatore have signed an agreement under which faculty training and curriculum enhancing programmes would be offered. It would enable the university to benefit from Sun's expertise in Java technology and the Solaris Operating System, as well as update its existing curriculum using Sun's resource library. Karunya University would launch diploma programmes on Java technology and mobile applications that would be supported by course material and official curriculum from Sun Learning Services and Sun Professional Certification Examinations.