



**MARKET MOVEMENT**

Major Indices	November 14, 2008	November 21, 2008	% Change	Change
BSE Sensex	9,385.42	8,915.21	(5.01)	
NSE Nifty	2,810.35	2,693.45	(4.16)	

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

- **Japan trade pact talks move forward**
- **Higher pay for CPSEs officers gets Cabinet nod**
- **Government approves new toll policy**
- **AP Government waives loans to weaver's societies**
- **India, Tajikistan sign taxation pact**
- **Government approves six sector-specific clusters**

**Japan trade pact talks move forward**

THE negotiations for the India-Japan Comprehensive Economic Partnership Agreement (CEPA) have gained momentum with the two sides moving towards a deal on allowing Indian companies that make low-cost drugs to sell in Japan. India is asking Japan to agree to a one-year time frame for clearing applications from its drug companies. In turn, India may agree to the Japanese view that this one year should not include the time taken by Indian companies to respond to questions raised by the Japanese drug regulatory authority.

**Higher pay for CPSEs officers gets Cabinet nod**

THE Cabinet gave its nod to a pay enhancement for officers of Central Public Sector Enterprises (CPSEs). CPSEs will bear the entire burden of hike in wages, and allowances. The new pay-scales would be based on recommendations given by the Second Pay Revision Committee. It is also for the first time that the Government is introducing Performance-Related Pay (PRP). Besides, the highest ceiling for gratuity payment has been increased from Rs 3.5 lakh to Rs 1 million.

**Government approves new toll policy**

THE Cabinet Committee of Economic Affairs (CCEA) has approved a new toll policy, which will allow operators to raise user charges on an annual basis. The National Highways Fee (Determination of Rates and Collection) Rules, 2008, will also enable levying of toll on two-lane sections of national highway on which an investor has spent over Rs 10 million a km on up gradation. The Government expects that the new toll rules which basically allow charging of higher toll rates from the users of National Highways against the present levels, apart from an annual hike will make the projects more attractive for private players.

### **AP Government waives loans to weaver's societies**

**THE Andhra Pradesh (AP) announced a move to waive loans worth Rs 3.30 billion to weavers' cooperative societies.** The State is in the process of persuading the Centre to consider waiver of loans to distressed weavers. The Integrated Textile Park developed with an outlay of Rs 470 million on a 24 acre site is expected to provide direct employment to over 10,000 weavers when fully completed. The park will provide a monthly income of Rs 4,000 to each weaver.

### **India, Tajikistan sign taxation pact**

**INDIA and Tajikistan have signed a Double Taxation Avoidance Agreement (DTAA).** The agreement was signed by Chairman of the Central Board of Direct Taxes (CBDT) and Deputy Minister of Finance, Tajikistan. According to the agreement, capital gains from alienation of shares would be taxed at the source state. However, capital gains arising from alienation of shares of a company deriving its value principally from immovable property would be taxed in the State where the company is resident and not where the immovable property is situated.

### **Government approves six sector specific clusters**

**THE Government has approved the setting up of six sector specific clusters at an estimated cost of Rs 4.20 billion.** While a handloom cluster would be set up at Varanasi in Uttar Pradesh and Sibsagar at Assam, a powerloom cluster would come up at Bhiwandi in Maharashtra and Erode in Tamil Nadu. For the development of handicrafts, clusters would be set up at Moradabad in Uttar Pradesh and Narasapur in Andhra Pradesh. Each cluster would be developed at an estimated cost of Rs 700 billion.

## **INDUSTRY WATCH**

- **Potential seen for India, Egypt bilateral trade**
- **IT majors get more fixed price contracts**
- **Indian clinical research outsourcing market to reach US\$ 600 million by 2010**
- **E&P looks at US\$ 10 billion foreign investment by 2010**
- **Life insurers eye rural areas in North for growth**

### **Potential seen for India, Egypt bilateral trade**

**THE Union Minister for Commerce and Industry said there is an enormous potential for expanding bilateral trade between India and Egypt and a need to further diversify the trade basket.** The possible areas of cooperation for growth in bilateral trade volume include steel, construction, tractors & agricultural equipment, pumps and diesel engines, pharmaceuticals, tourism, auto components, information technology, fertilisers, phosphates & urea, hotel management, textiles, biotechnology and use of natural gas in cars. Egypt has traditionally been one of India's most important trading partners in the African continent and Egypt alone accounts for almost 40% of India's trade with Northern Africa.

### **IT majors get more fixed price contracts**

**THREE of the top five IT service providers Infosys Technologies, Wipro and HCL Technologies have posted a year-on-year as well as a sequential rise in the proportion of fixed price contracts for quarter ended September 2008.** In a fixed price contract, a software vendor would price it such that he can afford to have 100 people work on it, but only employs 70 people. He increases efficiencies with the help of technology tools. That's a 30% savings on employee costs alone. But,

time & material contracts help when clients are unsure about exactly how much work they want done and for how long.

### **Indian clinical research outsourcing market to reach US\$ 600 million by 2010**

**THE US\$ 200 million Indian clinical research outsourcing market will reach up to US\$ 600 million by 2010.** Credit restrictions will prompt global biotech companies to see greater favour in outsourcing clinical trials to India. While the cost of clinical trials vary on the basis of complexity and disease segment, a simple trial in India can cost 15-20% of the US price, while a more sophisticated trial involving imaging systems may be 50-60% of the US price.

### **E&P looks at US\$ 10 billion foreign investment by 2010**

**THE Indian Exploration and Production (E&P) sector looks at US\$ 10 billion foreign investments by 2010.** Relaxed rules and regulations for investors have attracted the investment. The upstream sector states the possible funding sources in the sector would be sovereign wealth funds based out of China, the Middle East and Singapore, which are seeking to acquire E&P assets in India. Also, Japanese banking institutions possessing large pools of cash are focusing on the Indian E&P sector.

### **Life insurers eye rural areas in North for growth**

**THE life insurance companies are heading north with the aim of reaching out to the rural households.** The fact that there is high awareness amongst the households but very low ownership motivates these companies to expand their base to the small towns. Emerging markets for Max New York Life shared that about 74% of the national population falls under rural category and there is huge scope for exploring this market. The company also creates awareness through village education camps, by distributing product brochures and proposal forms in local language and organising village meetings, road shows and melas for direct contact with the customers.

## **CORPORATE HIGHLIGHTS**

- **JSW Building enters into a JV with UK based Severfield**
- **DQE, Turner in pact**
- **Web-based screening of employees launched**
- **TIFR inks research pact with Hyderabad varsity**
- **Idhasoft, Westcon Group in tie-up**
- **Adani group signs pact to develop auto hub at Mundra port**
- **DHL Express opens integrated terminal at Bangalore airport**
- **CtrlS ties up with Oracle**
- **FICCI, ASQ tie up to train firms in quality**
- **Japanese pharma firm sets up Indian subsidiary**
- **TNAU, Canada varsity tie up**
- **India, UK accountancy bodies ink MoU**
- **ICWAI signs MoU with Oman firm**

### **JSW Building enters into a JV with UK based Severfield**

**JSW Building Systems, a wholly owned subsidiary of JSW Steel, announced the formalisation of a Joint Venture (JV) company with UK-based Severfield Reeve Structures to create a new steelworks business in Karnataka.** The JV will be called JSW Severfield Structures Ltd, in which the two

partners will have 50% equity participation each. The new company will be involved in design, production and erection of structural steelwork to principally service the Indian market. It will take up an Rs 2.20 billion project to produce 35,000 tonnes of structural steel in Bellary district of Karnataka.

#### **DQE, Turner in pact**

DQ Entertainment (DQE), the city-based animation, gaming and Entertainment Company, has signed an agreement with Turner Networks Asia (TENA) to produce Balkand and Ravan, based on the mythology Ramayana. The animation series created and produced by DQE, would be telecast on some children's channels in India in 2009.

#### **Web-based screening of employees launched**

BACKGROUND screening company, First Advantage, has announced the launch of VerifyDirect, a database-driven online screening service. VerifyDirect will cover all sectors across all levels of employees and aims to be the largest database for India and the Asia-Pacific (APAC) region for employment history records, VerifyDirect will provide instant information on candidates through secured online transactions. Apart from fulfilling employment purpose information, the database could be used by home and personal loan companies, for educational records and matrimonial purposes.

#### **TIFR inks research pact with Hyderabad varsity**

TATA Institute of Fundamental Research (TIFR) and University of Hyderabad (UOH) have entered into a Memorandum of Understanding (MoU) to pave way for academic cooperation between the two along with collaborative research. TIFR has proposed to create a new campus for research, education and related activities with a projected investment of Rs 25 billion over a period of 12-15 years.

#### **Idhasoft, Westcon Group in tie-up**

IT services firm Idhasoft has entered into a tie-up with the Westcon Group, a multi-national specialty distributor in US to provide its customers with new mobile, wireless Local Area Network (LAN)/ Wide Area Network (WAN) solutions and professional services. Under this agreement Idhasoft will be able to sell and deploy on-site services in every State in the US Westcon Group, which is a distributor of networking, security, mobility and convergence solutions for technology vendors including Cisco, Nortel Networks, and Avaya.

#### **Adani group signs pact to develop auto hub at Mundra port**

THE Adani Group's Mundra Port and Special Economic Zone Ltd (MPSEZ) has signed a MoU in Mumbai for setting up a dedicated automobile terminal with Nippon Yusen Kaisha (NYK) of Japan and Wallenius Wilhelmsen Lines (WWL) of Norway. NYK is a proven leader in operating auto terminals worldwide and has an extensive fleet of Ro-Ro ships offering regular sailings to and from the major ports around the globe, while WWL operates its own terminals in Europe, the US and Asia and has a fleet of over 60 Pure Car/Truck Carrier (PCTC) and Ro-Ro vessels for providing global, cost effective and reliable ocean product.

#### **DHL Express opens integrated terminal at Bangalore airport**

DHL Express announced the opening of its new facility at the Bangalore International Airport at a cost of US\$ 25 million. The Bangalore facility, built in a 2.25 lakh sq.ft space, is expected to improve the service by reducing throughout time of 60 minutes, thereby achieving cost efficiency.

The combined facility, helping in seamless handling of inbound and outbound international and domestic's shipment and faster customs clearance, is equipped to accommodate future growth over the next 10 years. DHL Express would be looking at Hyderabad as its next destination for its integrated facility while Mumbai and Delhi would be next depending on the availability of land.

### **CtrlS ties up with Oracle**

**CTRLS Data Centers Ltd has partnered with Oracle to provide hosting services to Oracle products.** The partnership would open up new business opportunities for the Hyderabad-based company. The customers of CtrlS will now enjoy the benefits of having single window of managed services for all Oracle products. CtrlS will now venture into many new Oracle-based services.

### **FICCI, ASQ tie up to train firms in quality**

**THE Federation of Indian Chamber of Commerce and Industry (FICCI) has entered into a 50:50 Joint Venture (JV) with American Society for Quality (ASQ),** a company dealing with organisational excellence and quality. The alliance will herald a new era in the history of quality movement in India. The new entity FICCI-ASQ Foundation for Innovation and Excellence would serve as a resource hub for the Asia-Pacific region, West Asia and South Asia.

### **Japanese pharma firm sets up Indian subsidiary**

**ASTELLAS Pharma, the second largest Japanese drug company, has set up a wholly-owned subsidiary in India,** making it the third Japanese pharma major after Daiichi Sankyo and Eisai to tap the growing Indian pharmaceutical market. While Daiichi Sankyo acquired a majority share in the country's biggest drug-maker Ranbaxy, Eisai and Astellas have chosen to set up wholly-owned subsidiaries to promote their patented medicines in the country.

### **TNAU, Canada varsity tie up**

**THE Tamil Nadu Agricultural University (TNAU) has inked an agreement with the Nova Scotia Agricultural College, Canada to establish academic and research linkages.** Both the institutes have evinced interest in starting a Dual Degree Programme at the Under Graduate (UG) level and the farm varsity students get an opportunity to register for the programme. This would make the students globally competitive; provide more strength to students in job market both in India and abroad and opportunity to pursue higher education in reputed western universities.

### **India, UK accountancy bodies ink MoU**

**CHARTERED accountancy bodies of India and the UK have signed a MoU that provides for mutual recognition of qualifications.** It, however, does not provide for auditing rights in respective countries. Both the institutes have now agreed on the number of papers to be completed for the purpose of membership. The MoU arrangement provides that existing members of Institute of Chartered Accountants of India (ICAI) with two years of post qualification experience will be eligible for Institute of Chartered Accountants in England and Wales (ICAEW) membership on passing the ICAEW's one paper on case study.

### **ICWAI signs MoU with Oman firm**

**THE Institute of Costs and Works Accountants of India ICWAI has entered into a MoU with Omar Zawawi Establishment LLC (OMZEST), an Omani company.** The ICWAI is co-promoting a new management accounting body in Gulf in the Sultanate of Oman. ICWAI will be technically guiding Oman in developing the syllabus relevant for the Omanese economy and help them conduct the examination periodically. The pass certificate will be awarded by IMA Oman.