



MARKET MOVEMENT

Major Indices	March 27, 2009	April 03, 2009	% Change	Change
BSE Sensex	10,048.49	10,348.83	2.99	
NSE Nifty	3,108.65	3,211.05	3.29	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Government staff can get higher medical reimbursement**
- **US removes levy on Indian shrimp**
- **e-payment of taxes mandatory**
- **JICA sanctions Rs 40.62 billion soft loan for Delhi Metro phase II**
- **Government approves better pay terms for all PSU officers**
- **Cabinet nod for UBI capital rejig**
- **Japan offers Rs 71.59 billion soft loan**

Government staff can get higher medical reimbursement

THE Ministry of Health and Family Welfare has removed the monetary cap on reimbursement of medical expenses and permitted the Government employees to claim reimbursement of medical expenditure from the insurance agencies and Central Government Health Scheme (CGHS). The reimbursement from the two sources, however, should not exceed the package rates prescribed under the CGHS for the particular treatment. The beneficiary would make the first claim to the insurance company and the second claim to the CGHS or the ministry/department concerned.

US removes levy on Indian shrimp

THE US Customs & Border Protection (CBP) has withdrawn the customs bond requirement imposed in 2004. According to a CBP notice, the Enhanced Bond Requirement (EBR) on shrimp items from India and Thailand stands fully withdrawn, effective April 1, 2009. The notification said that the existing bonds for seafood export would be terminated henceforth. The latest notification is in line with a World Trade Organisation (WTO) ruling issued in favour of India and Thailand in 2008.

e-payment of taxes mandatory

THE Central Board of Direct Taxes (CBDT) has made e-payment of taxes mandatory for all deductors effective April 1, 2009. Accordingly, all categories of non-corporate taxpayers with turnover less than Rs 400 million or gross receipts less than Rs 100 million will have to make electronic payment to the exchequer the income-tax that they deduct at source. e-payment of taxes is mandatory for corporates and assesses that are required to undertake tax audit.

JICA sanctions Rs 40.62 billion soft loan for Delhi Metro phase II

THE Delhi Metro Rail Corporation (DMRC) has been sanctioned a loan of Rs 40.62 billion from Japan International Cooperation Agency (JICA) for the development of Phase-II of the Delhi Metro. The loan was sanctioned on March 31 in an agreement signed between the Indian Government and the JICA to provide Japanese Official Development Assistance (ODA) loans for four projects in India. The cost of constructing Phase-II of the Metro has been estimated at around Rs 200 billion and out of this, Rs 38.94 billion has already been sanctioned to DMRC in three tranches. This is the fourth tranche by Japan to assist DMRC in the timely completion of Phase-II.

Government approves better pay terms for all PSU officers

THE Cabinet has approved a proposal to merge 78.2% of Dearness Allowance (DA) with basic pay as against the 68.8% DA merger announced in November last year for all PSU officers. In case the HRA, according to new rates, was less than the one drawn earlier, the difference may be allowed to be drawn by the officer as personal allowance. The ceiling of 30% towards superannuation benefit would be calculated on basic pay plus DA. Recurring expenditure on maintaining and running infrastructure facilities would be taken into account, within the 50% limit of perks and allowances, and limited to 10% of basic pay instead of the replacement cost of these facilities.

Cabinet nod for UBI capital rejig

THE Cabinet gave its nod for restructuring the equity capital of United Bank of India (UBI). As per the proposal, the Government will infuse Rs 8 billion into the bank in two tranches. The first tranche would be for Rs 2.50 billion in 2008-09 and the second one would be for Rs 5.50 billion in 2009-10. Both the infusions would happen through perpetual non-cumulative preference shares (innovative Tier-I instrument). Besides, the Cabinet also gave its nod for the bank to convert Rs 12.66 billion of its paid-up capital to capital reserves. The amount would first be paid to the Government as excess capital. The Government, in turn, would infuse the same amount into the capital reserves of the bank. After this transaction, the paid up equity capital would stand reduced from about Rs 15.32 billion to Rs 2.66 billion.

Japan offers Rs 71.59 billion soft loan

THE Japanese Government agreed to extend a loan package of Rs 71.59 billion as official development assistance. This will take the total loan package of the Japanese Government to India to Rs 123.32 billion for the current fiscal. The loan package covers four large-scale infrastructure projects in the area of transportation and water supply. The concessional loan will be made available to an interest rate of 1.2 % a year with the repayment period of 30 years.

INDUSTRY WATCH

- **India will grow 8% plus as soon as global economy is back on track**
- **Core sector records fastest growth in four months**
- **Credit offtake, forex reserves up; deposits rise 21.2%**
- **India emerges as third largest market in LCEGS**
- **Volume growth holds the key for FMCGs next fiscal**

India will grow 8% plus as soon as global economy is back on track

INDIA will return to its trend of 8% plus growth rate as and when global economy returns to normalcy. This will however depend upon certain critical areas such as agriculture, infrastructure and fiscal consolidation being addressed. Despite the widening trade deficit, the current account deficit has remained modest, largely due to high levels of private transfers and service sector exports. The low debt-to-equity ratio in the Indian corporate sector points to higher internal accrual and buoyancy in their revenues and profitability.

Core sector records fastest growth in four months

THE infrastructure sector grew at the fastest pace in four months in February this year because of higher output from petroleum refinery and steel sectors. The index expanded 2.2% in February 2009, compared with 7% increase in the corresponding month last year. The Index of Industrial Production (IIP), where these infrastructure sectors have more than a fourth weight in the index, would post marginal growth in February, as against contraction seen in the previous month.

Credit offtake, forex reserves up, deposits rise 21.2%

THE deposits were up 21.2 % from a year earlier. Outstanding loans rose Rs 224.23 billion to Rs 26,910 billion in the two weeks to March 13. The non-food credit rose by Rs 229.52 billion to Rs 26,430 billion in the two weeks. The steady rise of Sensex and fresh investments by the foreign institutional investors during last fortnight has pushed up country's forex reserve by US\$ 5.10 billion to US\$ 253.82 billion during March 13-20.

India emerges as third largest market in LCEGS

INDIA has a market value of £191 billion in Low-Carbon and Environmental Goods & Services (LCEGS). With a 6% share of the £3,046-billion global market, the country is tied with Japan at the third position. The US leads with a market share of 20.6% worth £629 billion. It's followed by China with a market share of 13.5% worth £411 billion. Asia has been identified as the emerging epicentre of the sector, more popularly referred to as a low-carbon economy. The emerging economies in Asia represent 38% of the global total, followed by the Americas, with 30% and Europe with 27%.

Volume growth holds the key for FMCGs next fiscal

THE Fast Moving Consumer Goods (FMCG) industry is one that has bucked the downtrend seen in most industries and recorded high growth rates this financial year. Growth rates in several categories of items of daily consumption, such as shampoos, detergents, toilet soaps, have been over 15%, with detergents and bars recording more than 20% growth. Detergents, washing bars and toilet soaps saw a price rise of 20-30% in the second half of 2008.

CORPORATE HIGHLIGHTS

- **Boeing sets up research centre in Bangalore**
- **BGR in licensing pact with US' Foster Wheeler**
- **Intel launches new Xeon chip range**
- **Hyundai ties up with Bank of India**
- **Reliance Mutual buys stake in Financial Tech**
- **Lupin acquires 51% stake in Multicare Pharma**
- **Suzlon arm bags order from US' Duke**
- **Cummins India merges subsidiaries**

- **Micro Technologies may sign deal with Japanese company**
- **Ranbaxy to market Daiichi Sankyo's BP drug in India**

Boeing sets up research centre in Bangalore

BOEING has set up its research and technology centre here which will work in the areas such as aero structures and aerodynamics to sustain the company's competitive technological edge. The centre will initially have 30 engineers and will collaborate with Indian Research & Development (R&D) organisations, including Government agencies and private sector R&D providers, universities, and other companies.

BGR in licensing pact with US' Foster Wheeler

BGR Energy Systems has entered into a licensing pact with a subsidiary of US-based equipment supplier Foster Wheeler for manufacturing and marketing of steam boilers. The Chennai-based company said it plans to invest Rs 5 billion for putting up a steam boiler manufacturing facility in the country. Under the pact, BGR Boilers Pvt Ltd, a special purpose company, has entered into a license agreement with Foster Wheeler North America Corporation, a subsidiary of Foster Wheeler's Global Power Group, USA.

Intel launches new Xeon chip range

INTEL Corp has launched 17 enterprise-class processors led by the Intel Xeon processor 5500 series that can provide greater performance and energy efficiency compared to the earlier processors. Intel said the chips have intelligence built into them that can help match performance depending on the workload as well as do energy management. The processors can deliver a 70-125% higher performance compared to systems based on the Xeon 5400 series. The Xeon processor 5500 series-based platforms can manage a variety of workloads and conditions. It can increase system performance based on the user's workload and environment

Hyundai ties up with Bank of India

HYUNDAI Motor India Ltd signed a Memorandum of Understanding (MoU) with Bank of India. According to the agreement, Bank of India will finance Hyundai cars at an interest rate of 10.25 % for 3 years. It will also offer a concession on processing charges of Rs 1,000. The move will help both partners to reach out to a wider market. Bank of India has about 2,978 branches, including 26 overseas centres.

Reliance Mutual buys stake in Financial Tech

RELIANCE Mutual Fund has purchased Financial Technologies' shares worth Rs 1.20 billion. Some FIIs sold the shares of the company. Financial Technologies is promoted by Multi Commodity Exchange (MCX). Reliance Capital Trustee Company Ltd bought 240 million shares (or 5.23% stake) of Financial Technologies for Rs 502.50 a share. FID Funds Mauritius Ltd and Fidelity sold 3750 million shares of Financial Technologies worth Rs 188.81 at Rs 501.83 a share.

Lupin acquires 51% stake in Multicare Pharma

LUPIN has picked up 51% stake in Philippines' Multicare Pharmaceuticals, a branded generic-drugs company with a presence in women's health and child care. The acquisition was made through internal accruals without divulging financial details. Multicare Pharma had posted revenues of about US\$ 6 million for the year-ended December 2008. This acquisition marks Lupin's entry into the US\$ 2.5-billion pharmaceuticals market in Philippines, at present dominated by multinational companies.

Suzlon arm bags order from US' Duke

SUZLON Wind Energy Corporation, the North America arm of Suzlon Energy Ltd, has signed a repeat order with Duke Energy, Charlotte, North Carolina, to provide 20 units of the S88-2.1 Mega Watt (MW) wind turbine. With this order Duke Energy would be able generate additional 42 MW. The order increases the Suzlon's total supply to 130 MW. The project located in Cheyenne, Wyoming, called Silver Sage Windpower Project, and is adjacent to an existing wind farm owned by Duke Energy.

Cummins India merges subsidiaries

CUMMINS India Ltd (CIL), manufacturer of diesel and natural gas engines for power generation, industrial and automotive markets, has announced the merger of two of its wholly owned subsidiaries Cummins Sales and Service India Ltd (CSS) and Cummins Auto Services Ltd (CASL) with itself effective April 1, 2009. CSS has been engaged in the sale of engines, and in providing after sales services to Cummins engines and generators. It provides complete business solutions including aftermarket support to customers in India, Nepal and Bhutan. CASL was established in 2000 for retailing parts and accessories, and provides a comprehensive maintenance and service solution for commercial vehicles plying on the Indian highways.

Micro Technologies may sign deal with Japanese company

MICRO Technologies is close to signing a MoU with Tokyo-based Japan Homeland Security Corporation (JHSC) for deploying its security products in Asia and the West African region. The BSE-listed company will integrate its hardware and software security products at JHSC's ongoing security projects in Japan, China, Singapore Taiwan, South Korea and Ghana. According to the JHSC Web site, the company specialises in providing services and products that cater to every aspect of a nation's security. On the other hand, the city-based Micro Technologies is a global provider of security, safety and life-support solutions. The company's products combine technologies such as GPS, wireless communications and business intelligence.

Ranbaxy to market Daiichi Sankyo's BP drug in India

RANBAXY Laboratories Ltd announced that it will launch a drug for high Blood Pressure (BP) discovered by Daiichi Sankyo. This follows a licensing agreement between the two companies authorising Ranbaxy to promote and market the drug Olvance in India. This is first drug from the Daiichi Sankyo's stable to be marketed in India after it acquired a controlling stake in Ranbaxy. This marks the beginning of a productive engagement that will harness the respective strengths of Daiichi Sankyo and Ranbaxy to establish a much stronger platform for Ranbaxy in India.