



MARKET MOVEMENT

Major Indices	July 10, 2009	July 17, 2009	% Change	Change
BSE Sensex	13,504.22	14,744.92	9.19	
NSE Nifty	4,003.90	4,374.95	9.27	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Now, norms in place for green factories**
- **Draft granite policy aims at transparency**
- **Empowered Group of Ministers on Food Security constituted**
- **TN to allow cost escalation in contracts**

Now, norms in place for green factories

THE Indian Green Business Council (IGBC) of the Confederation of Indian Industry (CII) unveiled a comprehensive set of norms that will help classify factories and manufacturing units as **Green Factories**. Such a classification will help address critical issues of energy, water conservation and well-being of workers, including productivity. These include Cummins Generator, Kirloskar, Godfrey Philips, Grundfos Pumps, General Cable Engineering, Omax Auto, Emerson Network Power and Mather & Platt Pumps.

Draft granite policy aims at transparency

THE State Government has come out with a draft policy for granite mining aimed at simplifying paper work, preventing legal complications, and enabling efficient exploitation of granite reserves in Tamil Nadu in a transparent manner. The draft granite policy 2009, while continuing with the existing provisions of Tamil Nadu Minor Mineral Concession Rules, 1959 (Rule 8C) enabling direct grant of quarry leases on Government lands to the State Government undertakings. A transparent method will be followed to realise a reasonable cost for foregoing surface rights whenever land is allowed for mining; preservation of water bodies will be of paramount importance with lease in such water bodies will be made only after expert consultation; and long-term impact of mining will be examined before the lease is granted.

Empowered Group of Ministers on Food Security constituted

THE constitution of an Empowered Group of Ministers (EGoM) to consider issues concerning procurement, management of food grains stocks, revision of Central Issue Price of food grains and the proposed law on food security is been approved. The terms of reference of the EGoM include issues relating to revision of Central Issue Price for wheat and rice; strategy for procurement of foodgrains under the Minimum Support Price operations; management of central pool stocks of wheat and rice; policy for import, export and price management of edible oils. The EGoM would also look at taking further position (if required) regarding futures/options for wheat in global commodity exchange after assessing the demand-supply gap.

TN to allow cost escalation in contracts

THE Tamil Nadu (TN) Government has passed an order to provide for cost escalation in contracts to avoid delays in project execution. It is also trying out a new system for road maintenance contracts that will focus on road user satisfaction as a gauge of quality. Moving the demand for grants to Highways and Minor Ports Department, the State Government has passed an order (GO MS 101 dated June 10, 2009) that provides for price adjustment of all components in tenders of more than Rs 10 million with a contract period of more than 12 months. On smaller contracts, price adjustment will be applicable to cement, steel, bitumen and petrol, oil and lubricants. This GO will be in force for one year on a trial basis.

INDUSTRY WATCH

- **Indian investors emerge most optimistic in Asia**
- **India to emerge as the preferred destination for foreign investors**
- **Steel players increase focus on retail sales pan India**
- **Small and medium pharmaceutical companies in US eye India for growth**
- **India ranks 20 for number of unique IP addresses**
- **Fund mobilisation through private placement up 51% in FY 2009**
- **Services amongst Indian sectors attracts most FDI over last 3 yrs**
- **Advertising spends to grow at 7.7%**

Indian investors emerge most optimistic in Asia

INDIAN investors have emerged as the most optimistic group in Asia. As per the survey, around 84 % of the Indian respondents expect the stock market to rise in the Q3 of 2009. The Indian investor index jumped to a record high of 182 for Q2 of 2009 from 133 from Q1 of 2009 amidst anticipated strong GDP growth and stock market improvements. Indian investors are optimistic about most of the key performance indicators including household financial situation, impact of US economy, property prices and stock market recovery. With a strong economic growth, concern for job security is the least in India (7% as compared to 49 % Asia Pacific average). Also, 43% of Indian investors plan to invest more in Q3 of 2009.

India to emerge as the preferred destination for foreign investors

INDIA and China will soon emerge as the preferred destinations for foreign investors. Investment opportunities in China and India will soon be in hot demand again. The two emerging giants had remained appealing to international investors even during the gloomiest phase of the global downturn. India is expected to record gradual recovery in Foreign Direct Investment (FDI) inflows in coming months, especially since the Indian authorities are keen to promote Public Private Partnerships (PPP) in supporting growth initiatives.

Steel players increase focus on retail sales pan India

STEEL players increase focus on retail sales pan India. As steel consumption grew 5.2% during the Q1, showing signs of improvement in demand for the commodity, steel players like JSW Steel and Essar Steel are increasing their focus on opening up more retail outlets pan India with growth in domestic demand. Steel major like JSW Steel currently has 50 such steel retail outlets called JSW Shoppe and is targeting to increase it to 200 by March 2010.

Small and medium pharmaceutical companies in US eye India for growth

THE US-based pharmaceuticals and biotechnology companies, particularly Small and Medium Enterprises (SMEs) numbering over 4,500, are looking at India for potential partnerships either Joint Venture (JV) or acquisition or offshore outsourcing or sharing of technology know-how to offset the possible dip in their overall business prospects over the years due to high production and marketing costs and lack of products. A number of US companies, particularly that of small and medium pharmaceutical and biotechnology, looking at India to reduce their overall production cost, increase productivity, reduce cycle times, introduction of new therapies apart from capturing local markets.

India ranks 20 for number of unique IP addresses

INDIA is ranked 20 globally for number of unique IP addresses with over 3 million IP's in Q1 of 2009. India ranks at 11 with 1.60% of observed attack traffic and ranked at 107 for average connection speed, at 898 kbps as against the global average connection speed of 1.7 mbps. India's IP address has recorded a 52% year-on-year growth and 17% from Q4 of 2008. United States and China were the two largest attack traffic sources accounting for nearly 50% of observed traffic in total. The top 10 ports saw approximately 90% of the observed attack traffic, with more two-thirds of the traffic likely related to the Conficker worm.

Fund mobilisation through private placement up 51% in FY 2009

MOBILISATION of funds through private placement of corporate bonds was up by 51% to Rs 1,743.27 billion in the financial year ended March 31, 2009, compared to Rs 1,154.23 billion mobilised in the previous year. Delhi-based research firm Prime Database attributed the substantial growth in mop-up to a 152% jump in mobilisation by private sector. The sector mopped up Rs 546.34 billion during the year under review compared to Rs 216.91 billion mobilised the previous year. Figures collated by Prime Database indicate that financial services sector continued to dominate the market collectively on an industry-wise basis raising Rs 1,232.51 billion or 71% of the total amount during the April-January period.

Services amongst Indian sectors attracts most FDI over last 3 yrs

SERVICES sector in India attracted the highest FDI worth US\$ 17.45 billion in the period April 2006-March 2009, ahead of computer and telecom sectors. The services sector accounted for 27 % of the total FDI inflows worth US\$ 64.40 billion received during April 2006-March 2008. FDI inflows in the country have increased from US\$ 5.5 billion in 2005-06 to US\$ 27.31 billion in 2008-09, despite the economic slowdown, inflows in 2008-09 showed a growth rate of 11 % over the previous year's US\$ 24.58 billion.

Advertising spends to grow at 7.7%

INDIAN advertising spends are to grow at 7.7 % in a year where global ad growth for 2009 has been forecast at -8.5%. India now overtakes Norway, Mexico and the Netherlands to become the 14th largest advertising market. The agency has downgraded its global advertising growth forecast for 2009 to -8.5%, from -6.9% in April after the Q1 figures this year came in below forecasts.

CORPORATE HIGHLIGHTS

- **Honda Siel ties up with BoB**
- **Vayana acquires SolutionNET**
- **Geodesic arm, Entel PCS tie up**

- **Ashok Leyland, John Deere complete pact for venture**
- **Mitsui wins bid for transporting Nissan cars**
- **Cadila, Novavax tie up to bring swine flu vaccine to India**
- **Cochin Shipyard pact with SCI for building 2 platform vessels**

Honda Siel ties up with BoB

JAPANESE car-maker Honda Siel Cars India (HSCI) signed a MoU with Bank of Baroda (BoB) for financing its cars across the country. This association will help both the partners reach out to a wider market and make auto loans convenient and easy for prospective car owners. BoB will offer car loans at competitive interest rates of 10.5% to 11%. This facility will be available at all the branches of the bank and 103 facilities of Honda Siel. HSCI, established in December 1995 as a JV between Honda Motor Co. Ltd (Japan) and Siel Ltd, at Greater Noida with an investment of Rs 4.50 billion, has so far invested Rs 16.20 billion there. At present, it has a capacity of manufacturing 1,00,000 cars at this plant. Its second plant was set up in Tapukara, Rajasthan over 600 acres, with an investment of Rs 10 billion and an initial production capacity of 60,000 units a year.

Vayana acquires SolutionNET

VAYANA, a Chennai-based start up, has acquired SolutionNET, which has over 25 banks as customers Vayana, which started operations in January, has a team of experts from Banking and Financial Services (BFS) industry and received funding from the HDFC Group, while SolutionNET has products and customers in the BFS sector. SolutionNET has around 120 employees and provides services to customers such as HDFC Bank, Corporation Bank, Shamil Bank and Sharjah Islamic Bank. The Al Omania Bank runs its entire business on SolutionNET's loan management system. The integrated team will create a business-to-business network of financial services that can be accessed by users through mobile phones and the Internet.

Geodesic arm, Entel PCS tie up

GEODESIC Ltd has launched the Windows Live Java service with Entel PCS, one of Chile's largest mobile phone operators. Interactive Networks is providing Entel PCS with a customisable messaging platform to fit the needs of its more than six million subscribers. Microsoft's Messenger platform has extensive penetration in Chile, with about 6.4 million monthly users, of which 94 % have a Windows Live account.

Ashok Leyland, John Deere complete pact for venture

ASHOK Leyland, the flagship of the Hinduja Group, and John Deere Construction & Forestry Company announced the completion of all legal formalities for the formation of the JV Company Ashok Leyland John Deere Construction Equipment Pvt Ltd. The JV will initially manufacture backhoes and wheel loaders and will market backhoes, wheel loaders and excavators in India and abroad. The range will be expanded to include a full-line of construction equipment. Pilot production will commence in October 2010 and serial production by January 2011, at a manufacturing facility to be situated near Chennai. Ashok Leyland will bring to the table its expertise and pan-India distribution network, while John Deere will provide its technical know-how and vast experience in the construction equipment business.

Mitsui wins bid for transporting Nissan cars

MITSUMI O.S.K. Lines Ltd (MOL) has won the bid for transporting Nissan Motor Co Ltd's cars produced at its Chennai plant to the port. The bid is also for handling port operations for export

of the cars, such as storage and preparation for loading. Mitsui will transport the cars to the Ennore port for exports. In November 2008, the Japanese shipping company established MOL Auto Logistics (India) Pvt Ltd as a wholly owned subsidiary based in Chennai and began inland transport of completed cars in April 2009. The new plant of Nissan will start manufacturing in early 2010 and begin exporting vehicles mainly to Europe in late 2010. It will also produce vehicles for the country's domestic market.

Cadila, Novavax tie up to bring swine flu vaccine to India

PHARMACEUTICALS Ltd announced a JV with US-based vaccine company Novavax Inc. to, among other things, introduce in India a vaccine against swine flu. The JV CPL Biologicals Pvt Ltd will be started with an initial investment of Rs 1 billion and will try to bring the vaccine, which is at an advanced stage of development in the US, to India in 2009-10. The JV could potentially market some 50 million doses of the vaccine annually in India. At Rs 1,000 a shot, the market size could be Rs 50 billion in the country. The JV of Cadila (80%) and Novavax (20%) was formed according to the agreement signed between the two companies in March. CPL Biologicals will work for development and manufacturing of therapeutic and prophylactic vaccines, biological therapeutics and diagnostics.

Cochin Shipyard pact with SCI for building 2 platform vessels

COCHIN Shipyard has signed a contract with Shipping Corporation of India (SCI) for construction of 2 Platform Supply Vessels (PSVs). With this, the total order book position of CSL is 20 ships consisting of 15 PSVs, four Anchor Handling Tug Supply ships (AHTS) and one indigenous aircraft carrier project. The recent order of PSVs signed with SCI is of modern design with sophisticated diesel electric propulsion and clean design notation. These are scheduled for delivery in 2011.