



MARKET MOVEMENT

Major Indices	Mar 19, 2010	Mar 26, 2010	% Change	Change
BSE Sensex	17,578.23	17,644.76	0.37	
NSE Nifty	5,262.80	5,282.00	0.36	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **US, India sign pact to integrate small businesses into global supply chain**
- **Government clears Rs 11.56 billion Coastal Zone project**
- **Government nod for Rs 59 billion knowledge network**
- **Government allows IIFCL to use Rs 30 billion for direct lending**
- **AAR announced new rule making FII income tax-free**

India and US sign pact to integrate small businesses into global supply chain

INDIA and US have signed the India-US Trade Policy Forum Framework for Cooperation on Trade and Investment, in Washington. The framework seeks to build on the success of the trade policy forum by facilitating trade and investment flows between the two countries. They also launched an initiative integrating US and Indian small businesses into the global supply chain. This initiative aims to expand trade and job-creating opportunities for US and Indian small and medium-sized companies.

Government clears Rs 11.56 billion Coastal Zone project

GOVERNMENT approved Rs 11.56 billion World Bank-assisted Integrated Coastal Zone Management (ICZM) Project that would be implemented by the Environment Ministry over the next five years. The project will be initially executed in the most vulnerable states such as Orissa, West Bengal and Gujarat. The World Bank's contribution as soft loan credit is around Rs 8.97 billion or 78% of the total project cost. About Rs 3 billion would be spent in Gujarat and West Bengal each, while some Rs 2 billion would be earmarked for Orissa.

Government nod for Rs 59 billion knowledge network

GOVERNMENT approved establishment of National Knowledge Network (NKN) at an outlay of Rs 59 billion. The project would interconnect 1,500 knowledge institutions through high-speed data communication network and encourage sharing of knowledge, specialized resources and collaborative research. The project would be implemented by National Informatics Centre (NIC) over a period of 10 years. Health, education, grid computing, agriculture and e-Governance are the main applications identified for implementation and delivery on NKN.

Government allows IIFCL to use Rs 30 billion for direct lending

GOVERNMENT has allowed India Infrastructure Finance Company Ltd (IIFCL) to use approximately one third of its Rs 100 billion refinancing facility for direct lending to infrastructure projects. Rs 15 billion will be given to Rural Electrification Corporation (REC) and Power Finance Corporation (PFC). The Government had allowed IIFCL to raise Rs 100 billion

through tax-free bonds to refinance infrastructure projects. IIFCL is planning to raise \$1 billion through a medium-term note programme in Singapore.

AAR announces new rule making FII income tax-free

AUTHORITY OF ADVANCE RULING (AAR) has announced a ruling on taxing of income from derivative transactions by Foreign Institutional Investors (FIIs) that such income will be classified as business income. The ruling now overrides Section 115AD of the Income Tax Act which deals with taxation of income by FIIs from securities or capital gains arising from transfers. However, to tax a business income, the laws require a permanent establishment of the FIIs in India. In India, while business income for local companies of foreign entities is taxed at 55%, capital gains is taxed at 20% or less, depending on whether they have a double taxation avoidance treaty and rates specified therein.

INDUSTRY WATCH

- **Japanese firms eyeing mega infra projects in India**
- **Automobile exports up 16% in April-February**
- **Credit growth rose to 16.04% in February**
- **IT exports from Tamil Nadu up by 29%**

Japanese firms eyeing mega infra projects in India

JAPAN encouraged its top conglomerates to invest in India, citing the multi billion dollar investment the country is making to upgrade its infrastructure. India plans to spend \$90 billion to develop the industrial corridor, some \$70 billion of which it hopes to raise by attracting investments from the private sector. Japan is the major investor for this project. The corridor will span 1,483 kms. Japan was roped in as partner for this project in 2006. The Government said that alliances of Japanese firms and municipalities in Japan will cooperate with India to study infrastructure development projects in the country. Among the participating Japanese municipalities, the city of Kitakyushu will provide its know-how on building a society with environmental technologies, while Yokohama is expected to help develop and manage water supply and sewerage systems.

Automobile exports up 16% in April-February

AUTOMOBILE exports stood at 1.645 million units during the 11 month period (April-February) in 2009-10 against 1.416 million units in the year-ago period. India's automobile exports during the 11month period grew by 16%, generating revenue of US\$ 35.55 billion. The growth is led by Maruti Suzuki India Limited, Hyundai Motor India, Ford India and Ashok Leyland. Exports have increased to US\$ 35.55 billion in first 11 months of the financial year, up from US\$ 28.1 billion in the corresponding period a year ago. Exports are likely to grow further as India is yet to fully exploit the potential of small car exports from the country.

Credit growth rises to 16.04% in February

SCHEMULUED commercial banks, including regional rural banks, recorded 16.04% growth in loan disbursement on a Year-on-Year (Y-o-Y) basis. This is above Reserve Bank of India's (RBI) projection of 16% credit growth in this financial year. Loans worth Rs 355.27 billion are disbursed in the banks. With higher deposit mobilization, banks' investment in Government and other approved securities that qualify for treatment of statutory liquidity ratio rose by Rs 76.41 billion during the period.

IT exports from Tamil Nadu up by 29%

THE value of software exports from Tamil Nadu rose by 29% in 2008-09 to Rs 366.80 billion in 2008-2009 from Rs 284.26 billion, a year ago. IT parks are being established in Municipal corporations like Coimbatore, Madurai and Trichy. 'TIDEL' IT Park at Coimbatore being established at an estimated cost of Rs 3.80 billion and will be completed by May 2010. Tamil Nadu State Wide Area Network (WAN) which connects headquarters of various departments of state Government with offices at district, divisional and block levels through internet will be expanded at a cost of Rs 220 millions.

CORPORATE HIGHLIGHTS

- **BVM Global in pact with Japanese company to teach robotics**
- **Canon eyes Rs 11billion turnover in 2010**
- **Mindlance inks Toyota Boshoku Automotive deal**
- **NTPC signs pact with Gujarat Power for green energy project**
- **Forbes Marshall forms Joint Venture with Belgian company**
- **Biocon arm in pact with Endo Pharma**
- **Essar Group signs deal for Indonesian coal mine**
- **Tata engineering firm acquires British company**

BVM Global in pact with Japanese company to teach robotics

LEARNING Systems signed a Memorandum of Understanding (MoU) with BVM Global Education Trust to introduce robotic education at Bala Vidya Mandir School and other BVM Global Schools from the academic year 2010 as part of the school curriculum for the 6th to the 9th standard. Robotics has been effective among students of developed countries such as North America, Japan, Korea and some parts of Europe. The programme will enable students to learn simple robotics by building models, attach sensors and motors and configure behavior using simple programming tools.

Canon eyes Rs 11 billion turnover in 2010

CANON, Japanese digital imaging and camera company is eyeing a 30% increase in its turnover in India this year to Rs 11 billion. The company launched seven new models of its A3 multi-functional copiers built on Image Runner Advance and has tied up with software giant Microsoft under a marketing arrangement. The tie-up is intended towards a direction, wherein new printer platform will be integrated with their Office SharePoint server and both the companies will promote each other's brand.

Mindlance inks Toyota Boshoku Automotive deal

MINDLANCE, a US-based IT infrastructure services provider has announced a strategic IT deal with Toyota Boshoku Automotive India and is planning to invest \$80-90 million in 2010-11 in India. The solution is capable of working in different environment and will provide high manageability along with training support. Mindlance had acquired 11 customers in India over the last six months and 28 clients globally last year. Mindlance plans to cover all metros by mid-2011. It plans to open four additional offices in Mumbai, Jaipur, Pune and Chennai.

NTPC signs pact with Gujarat Power for green energy project

NTPC and Gujarat Power Corporation Ltd (GPCL) signed a Memorandum of Understanding (MoU) for generating 500 MW of solar and wind power projects. The two companies will be investing Rs 40 billion on the green-and-clean energy project. NTPC also proposes to set up a 1,000 MW coal-based thermal power station at Khambhat, off Gulf of Cambay, in Anand district, Gujarat, at a cost of Rs 50 billion. GPCL is now looking into issues such as land allotment, water arrangement and power purchase.

Forbes Marshall forms Joint Venture with Belgian company

FORBES Marshall, a company that provides steam engineering and control instrumentation solutions for the process industry has entered into an alliance with the Belgium-based Vyncke Energietechnik. The new 50:50 Joint Venture Company (JVC), Forbesvyncke Pvt Ltd will promote, manufacture, install and provide after-sales support for technologies that are converting waste biomass to green energy. The company aims to use Indian expertise and market knowledge to localize the products.

Biocon arm in pact with Endo Pharma

SYNGENE International, the custom research subsidiary of Bangalore based biopharmaceutical company Biocon Ltd, has entered into a discovery and development collaboration with Endo Pharmaceuticals of the United States to develop biological therapeutic molecules against cancer. Under the agreement, Endo will retain all rights to the molecules developed, while Syngene International will receive research fees, milestone payments and success fees from Endo. Endo Pharmaceuticals is a specialty pharmaceutical company in pain management. The company is engaged in the research, development, manufacturing, marketing and sales of branded and generic pharmaceutical products used primarily to treat and manage pain.

Essar Group signs deal for Indonesian coal mine

ESSAR Group has signed an agreement to buy Aries coal mines in Indonesia. The deal gives Essar Power access to an estimated resource base of 100 million tonnes of thermal coal and mineable reserves of 64 million tonnes. The deal to acquire coal mines in Indonesia is part of its strategy to achieve backward integration and secure raw material. It is also exploring opportunities to secure coal from Australia, Indonesia and Africa.

Tata engineering firm acquires British company

ENGINEERING solutions firm TRF Ltd, a Tata group company, announced the acquisition of UK based firm Hewitt Robins International for approximately \$4.5 million. Hewitt Robins is engaged in design, manufacturing of screens, mobile crushing and related products in the quarrying, mining, recycling, iron and steel industries.