



MARKET MOVEMENT

Major Indices	December 26, 2008	January 2, 2009	% Change	Change
BSE Sensex	9,328.92	9,958.22	6.74	
NSE Nifty	2,857.25	3,046.75	6.63	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, Iran has ACU option for transactions**
- **Irda liberalises investment norms**
- **Rs 60 billion outlay approved for Repair, Renovation and Restoration of Water Bodies**
- **Integrated Energy Policy approved for Long term Sustainable Growth & Energy Security**
- **Signing of Air Services Agreement between India and South Africa**

India, Iran has ACU option for transactions

ASIAN Clearing Union (ACU) participants, including India and Iran, have the option to settle their transactions either in ACU Dollar (equivalent in value to one US dollar) or ACU Euro (equivalent in value to one Euro). Indian exporters to Iran and Iranian exporters to India no longer need fret over the US embargo on all dollar transactions involving Iranian banks and Iranian companies. By resorting to the ACU mechanism for settlement of import-export transactions, exporters from the two countries can not only realise their receivables but also sidestep the US banking system altogether.

Irda liberalises investment norms

THE Insurance Regulatory and Development Authority (Irda) allowed insurers to acquire up to 20% debt and equity in an infrastructure-related company, compared with 10% earlier. It is aimed at enhancing the flow of insurance funds to meet the present needs of infrastructure financing. The insurers can now pump in more money out of their investible funds in debt and equities of publicly-listed companies that are engaged in infrastructure and housing sector, while they would have to maintain a ceiling of 10% in equities of other companies.

Rs 60 billion outlay approved for Repair, Renovation and Restoration of Water Bodies

THE Cabinet gave its approval to the scheme of repair, renovation and restoration of wide variety of water bodies all over the country with an approximate cost of Rs. 60 billion during XI Plan period. The scheme will cover about 23000 water bodies across the country with a Culturable Command Area of 1.68 million hectares. When completed, the project will create an additional irrigation potential of 0.75 million hectares.

Integrated Energy Policy approved for long term Sustainable Growth & Energy Security

THE Cabinet approved the Integrated Energy Policy for the country. It also decided to set up a Monitoring Committee under the Chairmanship of the Cabinet Secretary for reviewing the

progress of implementation of the policy. The Integrated Energy Policy envisions a roadmap for sustainable growth with energy security over a reasonable period of time.

Signing of Air Services Agreement between India and South Africa

THE Cabinet approved the proposal submitted by the Ministry of Civil Aviation for superseding the existing Air Services Agreement (ASA) signed on December 5, 1998 between India and South Africa by a revised ASA between the two countries. This ASA is based on the International Civil Aviation Organization (ICAO) template. The revised ASA signifies an important landmark in civil aviation relations between India and South Africa. It has the potential to spur greater trade, investment, tourism and cultural exchange between the two countries.

INDUSTRY WATCH

- **Liquor sector sees bubbly growth**
- **Economic outlook bright**
- **Growth in Eastern Railway freight traffic**
- **Logistic outsourcing business to touch US\$ 90 million by 2012**
- **Agricultural companies record biggest profit gains in first half**
- **Services sector retains growth rate of 10-20%**
- **Corporate hospital industry upbeat about 2008-09**

Liquor sector sees bubbly growth

THE domestic liquor industry has been chugging along cheerfully, with a growth rate of about 15% during 2008, even the super premium brands, which are normally shunned during recession, witnessed growth of about 40% year on year, the reserve brands of Diageo, such as Johnnie Walker, Blue Label and King George V, priced at about Rs 40,000, posted a growth of 40%.

Economic outlook bright for the Indian steel industry

THE outlook for the Indian steel industry is expected to improve and create more business opportunities in the coming months. The economic recession has touched its rock bottom and has completed its cycle in 2008, 2009 will have a much better economic scenario for the economy and greater business prospects for the Indian industry.

Growth in Eastern Railway freight traffic

EASTERN Railway posted 13.24% growth in originating freight traffic at 30.93 million tones (mt) between April and November, (27.31 mt in the same period of 2007). Coal alone accounted for 17.89 mt (9.43 mt). During the period under review, freight earnings amounted to Rs 16.82 billion (Rs 13.01 billion), thus recording a growth of 29.31%, and the earnings from passenger traffic increased by 10.18% to Rs 8.44 billion (Rs 7.66 billion).

Logistic outsourcing business to touch US\$ 90 million by 2012

INDIA's third party logistics business is likely to grow by 55% reaching the US\$ 90 million mark by 2012, with globalisation, the demand of third party logistics (3PL) business, a western concept, is catching up in the country as Indian firms which are eager to expand in new markets are turning towards it for better management of their supply chain processes. One of the contributing factors for this is Value Added Tax which is expected to drive Indian industry towards using more 3PL services.

Agricultural companies record biggest profit gains in first half

ONE out of every five listed companies in India declared higher profits in the first half of fiscal 2008-09, the farm inputs and farm machinery companies were the biggest gainers, while TTK Healthcare, NIIT, Whirlpool, Punjab Alkalies and Bannari Amman saw their profits rising by more than 500% during the period. In the farm inputs and machinery sector, Coromandel Fertiliser, RCF, Excel Industries, Punjab Tractors, Excel Crop Care, Liberty Phosphate, Swaraj Engines, Nagarjuna Agrichem and VST Tillers Tractors reported higher profit growth in the first half of the fiscal year.

Services sector retains growth rate of 10-20%

INDIA's services sector, including IT, education and organised retail, retained growth rate of 10-20% this fiscal. The number of wireless subscribers grew 50% in April-November 2008 compared to the same period last year. Additionally, Internet subscribers grew 26% and broadband subscribers went up 87.7% during the period. During 2007-08, the services sector grew 10.7%, higher than the 8.8% growth in the manufacturing and 4.5% growth in the agriculture sectors.

Corporate hospital industry upbeat about 2008-09

THE Corporate Hospital Industry continues to upbeat about their performance in 2008-09. Many hospital majors have planned major growth strategies and expect good outcomes this fiscal. Furthermore, the Indian healthcare industry accounting for almost US\$ 35 billion is growing at the rate of 14-15%. The healthcare sector, including hospitals are still making profit and generating revenues but definitely facing eroding margins which can be attributed to the rising manpower and consumables' cost.

CORPORATE HIGHLIGHTS

- **Andhra Bank launches net banking**
- **JP Morgan launches green NFO**
- **United India launches top-up medical policies**
- **ONGC snaps up Imperial Energy for US\$ 1.9 billion**
- **TCS pays US\$ 512 million for Citigroup's BPO arm**
- **BSNL rolls out Internet TV services**
- **Punjab Tractors sells entire stake in Swaraj Mazda to Sumitomo Corporation**
- **Suzlon acquires first tranche of Martifer's stake in Repower**

Andhra Bank launches net banking

ANDHRA Bank launches internet banking. The newly-launched internet banking and SMS alerts would keep the bank in line with technology-based products of foreign and private banks. The bank is now adding 60 new branches every week to the Core Banking Solution (CBS). By March 2009, all the branches will be integrated with CBS. This will allow them to offer more technology products.

JP Morgan launches green NFO

JP Morgan Asset Management has launched its first green NFO, the JP Morgan India Tax Advantage fund which is a three-year close ended equity linked saving scheme. But even while being an environmentally friendly venture, such an offering helps to cut costs in a tough business environment. The attempt will be to minimise the use of paper by encouraging prospective

investors to download all applicable literature from the Web site and print only as per specific requirement so as to ensure minimum wastage of paper.

United India launches top-up medical policies

UNITED India Insurance Co Ltd has launched two new medical insurance policies that help people add up to Rs 150 million to their medical cover. The policies Top Up and Super Top Up will be available to United India's customers; those who have taken medical insurance cover with other companies; and those covered under employee reimbursement schemes. These policies will hike the limits of their existing cover or reimbursement limits. Also, those who are yet to opt for medical insurance can use these to take medical insurance cover beyond a threshold limit that they can choose.

ONGC snaps up Imperial Energy for US\$ 1.9 billion

OIL and Natural Gas Corporation (ONGC) has taken control of Imperial Energy Plc for US\$ 1.9 billion after 96.8% of the London-listed firm's shareholders accepted the takeover offer made by the state-owned explorer's overseas arm, ONGC Videsh Ltd (OVL). ONGC, which could raise US\$ 1 billion locally to fund the deal, is likely to delist Imperial in London.

TCS pays US\$ 512 million for Citigroup's BPO arm

TATA Consultancy Services (TCS) completed the acquisition of Citigroup Global Services Ltd (CGSL), the India-based BPO arm of Citigroup Inc, worth US\$ 512 million. The cost of the deal was marginally higher than US\$ 505 million announced in October due to variation in value of the rupee against the dollar. The deal includes a promise of US\$ 2.5 billion in committed revenue to TCS over a period of nine-and-half years.

BSNL rolls out Internet TV services

BHARAT Sanchar Nigam Ltd (BSNL) launched its Internet Protocol Television services (IPTV), which will enable consumers to watch TV channels using their fixed telephone line at home. The company has launched the service in 10 cities, including Gurgaon in Haryana. IPTV is a system where an interactive digital television service is delivered over a broadband connection instead of the traditional way of transmitting through a cable network. Users will also get new services such as video on demand where they can watch their favourite movies for a fee. They can also pause, fast forward and rewind live and recorded content stored on a remotely located server by the service provider.

Punjab Tractors sells entire stake in Swaraj Mazda to Sumitomo Corporation

MAHINDRA and Mahindra-owned Punjab Tractors Ltd announced to sell its remaining stake of 14.4% held in Swaraj Mazda to Sumitomo Corporation. Sumitomo already has a 39.49% stake in the tractor and commercial vehicle company, Swaraj Mazda Ltd. The deal, which would lead to the transfer of 14.72 lakh shares of Punjab Tractors to Sumitomo at a price of Rs 272 a share, would increase the share of the Japanese corporation in Swaraj Mazda to 53.53%.

Suzlon acquires first tranche of Martifer's stake in Repower

SUZLON Energy has acquired the first tranche of Portugal major Martifer group's stake in REpower Systems AG of Germany, for approximately euro 65 million. This transaction would take Suzlon's holding in REpower to 73.71%. Suzlon already holds 91% voting rights in REpower through an existing agreement with Martifer.