



**MARKET MOVEMENT**

Major Indices	September 26, 2008	October 03, 2008	% Change	Change
BSE Sensex	13,061.54	12,526.32	(4.10)	
NSE Nifty	4,016.60	3,824.55	(4.78)	

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

- **Government extends focus market benefits to auto sector**
- **India's share in UK's FDI growing**
- **Kerala Government frames SEZ policy**
- **Government approves setting up of solar mission**
- **USTDA extends two grants to support petroleum sector**

**Government extends focus market benefits to auto sector**

**THE Indian Government extends focus market scheme benefits for motor cars and motor cycle exports to certain notified countries.** Introduced in April 2006, the focus market scheme was devised to offset the high freight cost and other disabilities faced by exporters in accessing certain international markets. The scheme allowed duty credit facility at 2.5% of the Free on Board (FoB) value of exports of specified products to the notified countries. The Indian auto industry had shipped more than a million units in fiscal 2007-08, with export value of about US\$ 2.8 billion.

**India's share in UK's FDI growing**

**ACCORDING to British Government body that draws United Kingdom's (UK's) overseas investments, India is becoming the fastest growing contributor to the UK's Foreign Direct Investment (FDI),** Indian companies which prominently figure in the list are those which acquired British firms. These include Tata Steel, which bought Anglo-Dutch steel maker Corus and Tata Motors, which purchased Jaguar-Land Rover. Others include Amtek, which took over Triplex-Ketlon Group and Bharat Forge which acquired a forging plant in Doncaster.

**Kerala Government frames SEZ policy**

**THE Kerala Government has come out with a policy setting the norms and regulations for establishing Special Economic Zones (SEZs) in the State.** The policy, announced by the Chief Minister, is binding on all SEZs that have been approved by the Centre and those seeking approval in future. The Government will not allow filling up of paddy fields for purpose of setting up the zones. Also, private investors will not be permitted to acquire land for the zones, but can apply for space in the land being acquired by Government agencies for setting up industrial parks. SEZs will not be exempted from paying electricity duty. Also, labour and trade union laws, Provident Fund laws, Factories Act and Gratuity Act, among others, will be applicable to SEZs.

### **Government approves setting up of solar mission**

THE Indian Government on the recommendations of the National Manufacturing Competitiveness Council has approved the creation of a national solar mission, on the lines of the Atomic Commission. The programme on a mission mode would receive high priority and procedures and formalities would be passed through faster. According to the chairman of the council India has the highest potential in the world to harness sun power (the irradiance factor for India is the highest in the world), and also has the potential to be the least cost producer and assembler of solar cells.

### **USTDA extends two grants to support petroleum sector**

THE US Trade and Development Agency (USTDA) has extended two grants totalling US\$ 946,221 to support activities in India's oil and gas sector to further the agencies commitment to the objectives of the US-India Energy Dialogue. According to USTDA, the first grant is to the Petroleum & Natural Gas Regulatory Board (P&NGRB) of India. The second grant is to public sector oil refining-cum-marketing company Hindustan Petroleum Corporation Ltd (HPCL) to fund investment analysis on a refinery up gradation project of HPCL's Mumbai refinery.

## **INDUSTRY WATCH**

- **Banking sector funds outclass others in H 2**
- **Retail industry will see big changes**
- **India's mobile telephony segment to offer major scope for growth, ITU**
- **Pharma offshoring market to touch US\$ 2.5 billion by 2012**
- **Indian soyabean market output to cross 10 MT, rises by 14%**

### **Banking sector funds outclass others in H 2**

THE banking sector funds have outperformed all other categories of funds over the last three months. Seven of the 10 top performing mutual fund schemes during the H2 were banking schemes, including banking Exchange Traded Funds (ETFs), the banking sector funds have given an average return of 4.72% for the period, while gold ETFs have given a 4.26% average return.

### **Retail industry will see big changes**

ACCORDING to the international research conference on retail, the Indian retail industry will see huge changes in the next few years. The planned US\$ 25 billion investments will take the industry from the current US\$ 12 billion to US\$ 70 billion by 2011, this will translate into the organized retail growing at a 42% Compounded Annual Growth Rate (CAGR) over the next five years on the back of 8% growth and increasing the share of modern retail to 15% from 4.1% currently. Favorable demographics, changing consumer preference, easy availability of credit, development of real estate, and large investments in improving supply chain efficiency will give a fillip to consumption and in turn to retail.

### **India's mobile telephony segment to offer major scope for growth, ITU**

ACCORDING to the Geneva-based International Telecommunication Union (ITU), a leading UN agency for information and communication technology issues, India's current mobile telephone penetration rate of about 20% and market liberalisation policies are some of the factors that may offer great potential for growth of telecom companies. India had about 296 million mobile subscribers by end July 2008, the world's second most populous nation offers major scope for

growth in terms of numbers, market liberalisation in India has contributed majorly in spreading mobile telephony driven by increasing competitiveness and price reductions.

### **Pharma offshoring market to touch US\$ 2.5 billion by 2012**

ACCORDING to Zinnov Management Consulting, Pharmaceutical offshoring market in India is poised to become a US\$ 2.5 billion opportunity by 2012, a beneficiary segment, the already booming clinical trials industry, looks set to become a US\$ 608million industry by 2012, at a Compounded Annual Growth Rate (CAGR) of 31%.

### **Indian soyabean market output to cross 10 MT, rises by 14%**

THE Indian soyabean market is expected to cross the 10 Million Tonne (MT) mark during 2008. According to the Soyabean Processor Association of India (SOPA), major soybean growing states like Madhya Pradesh, Rajasthan, Maharashtra and Andhra Pradesh are expected to produce 10.8 MT of soyabean against 9.4 MT harvested during 2007, posting an increase of more than 14%.

## **CORPORATE HIGHLIGHTS**

- **Trivitron Medical acquires Vision Engineering**
- **ING Vysya Life, e-Seva tie up**
- **Assesspeople, Bharathiar varsity tie up**
- **Samsung's multi media Innova8 unveiled**
- **Gujarat Chamber signs agreement with Malawi, Belarus for business, industry**
- **Indian Railways inks pact with Punjab for luxury train service**
- **Mumbai, Marseille-Fos ports sign pact**
- **Tata's Advinus Therapeutics in drug development deal with J&J arm**
- **SAIL, L&T in pact for power plants**
- **Adani, Chemoil sign pact for JV**
- **Orchid Chem ties up with Merck**
- **Pokarna, Hugo Boss enter pact**
- **MUFG, Morgan Stanley to merge Japan securities ops**

### **Trivitron Medical acquires Vision Engineering**

MEDICAL devices and clinical diagnostic equipment company, Trivitron Medical Systems, has acquired Vision Engineering Pvt Ltd (formerly Siddalakshmi Engineering), an X-ray machine manufacturing company in Pune. Vision Engineering has been manufacturing X-ray machines for brands such as General Electric (GE) and Larsen & Toubro (L&T).

### **ING Vysya Life, e-Seva tie up**

ING Vysya Life Insurance has tied up with the e-Seva service of the Andhra Pradesh Government to enable its customers to pay their premiums. The policyholders can now make payments to renew premiums through e-Seva centres either by cash or cheque. The current arrangement is being activated at 49 e-Seva outlets in Hyderabad and Secunderabad and would be extended to the remaining 200 locations across all the municipal towns in the State. The company's rural business accounted for 21.2% of the total business. The new premium collected between April and August during the current financial year rose 64% to Rs 2.73 billion.

### **Assesspeople, Bharathiar varsity tie up**

ASSESSPEOPLE, a workforce assessment services company, and Bharathiar University have signed a Memorandum of Understanding (MoU) to analyse and test the competency level of students and develop them as potential employees for the industry. The MoU will enable Assesspeople to test the numerical and analytical abilities, programming and technology knowledge skills, English language communication and other industry skills required useful for the entry level placement.

#### **Samsung's multi media Innova8 unveiled**

SAMSUNG Mobile unveiled its mobile phone entertainer, Samsung Innova8, in the Indian market. It has been designed for a powerful mobile photography and multimedia experience. The phone is made for users who want to enjoy the best possible multimedia entertainment with their mobile phone. With the 8 megapixel camera, pre-embedded 3D games, high-speed data connections, etc, users can experience the true benefits of mobile entertainment

#### **Gujarat Chamber signs agreement with Malawi, Belarus for business, industry**

A seven-point agreement of cooperation in the fields of business and industry was signed on between the Gujarat Chamber of Commerce and Industry (GCCCI) and the High Commission of the Republic of Malawi and Belarus in India. This is the first agreement between the Chamber and High Commissions of foreign countries in India, envisaging increased liaison and cooperation between the two countries in the field of export-import, investment, business information and other commerce-oriented activities for the benefit of the business community of both the countries.

#### **Indian Railways inks pact with Punjab for luxury train service**

INDIAN Railways signed an agreement with the Punjab Government to start a luxury train service that would cover Delhi, Uttar Pradesh, Himachal Pradesh, Rajasthan and Punjab. The train, which will cost about Rs 360 million, is likely to roll out of the rail coach factory in Kapurthala in two years. The rolling stock cost will be shared by the Railways, the Punjab Government and the Ministry of Tourism.

#### **Mumbai, Marseille-Fos ports sign pact**

THE Mumbai Port Trust and Port of Marseille Authority concluded a sister port agreement with the cardinal objective of fostering experience sharing in the areas of engineering, management, security and sustainable development. The agreement also promises to promote mutual trade and development between the two ports. The sister port agreement was a clear indication of the Indian market's interest in Marseille-Fos port, the only general cargo port in southern Europe. The port is fully equipped to cater to containers, automobile logistics and petroleum products.

#### **Tata's Advinus Therapeutics in drug development deal with J&J arm**

ADVINUS Therapeutics, a Tata group company, has entered into drug development collaboration with Johnson and Johnson (J&J) subsidiary, Ortho-McNeil-Janssen Pharmaceuticals Inc. Advinus will receive milestone payments of US\$ 247 million on the development of novel targets. To start with, the company would work on two novel targets. The fledgling company would also be eligible to get royalties from the sale of drug products that emerge from the association.

#### **SAIL, L&T in pact for power plants**

STEEL Authority of India Ltd (SAIL) has signed a Memorandum of Understanding (MoU) with engineering and construction major, Larsen & Toubro Ltd (L&T), for jointly setting up power

projects. The scope of agreement also includes exploration of opportunities to own captive thermal coal blocks to cater to the power plant requirements. The two firms will jointly set up, develop, manage and own captive or independent power plants to meet SAIL's requirements.

#### **Adani, Chemoil sign pact for JV**

ADANI Enterprises Ltd (AEL), a constituent of the Adani Group, has signed an exclusive, 50:50 Joint Venture (JV) agreement with Chemoil, one of the world's leading physical suppliers of marine fuel products, known as Chemoil-Adani Private Ltd, to begin supplying marine fuel at Mundra Port as its first step to expanding presence in fuel oil and petroleum product markets across India. Mundra Port is the largest private port in India strategically positioned near the main shipping routes of Asia, the Middle East, Europe and Africa.

#### **Orchid Chem ties up with Merck**

ORCHID Chemicals and Pharmaceuticals Ltd and Merck & Company have entered into a research collaboration and licence agreement to discover, develop and commercialize molecules essential for the treatment of bacterial and fungal infections. Orchid will be paid a sum upfront and is eligible to receive payments amounting to US\$ 100 million associated with the achievement of various research and development milestones. Orchid Research Laboratories, a wholly owned subsidiary of Orchid Chemicals, and Merck will work to identify and develop novel antibacterial and anti-fungal compounds as clinically valid drug candidates.

#### **Pokarna, Hugo Boss enter pact**

HUGO Boss Ticino SA, a business unit of Hugo Boss Group, has entered into collaboration with the Pokarna Ltd. According to the collaboration, Pokarna would be manufacturing high-end premium shirts for Hugo Boss Ticino SA. The shirts would be manufactured at the garment manufacturing unit located at the Apparel Export Park at Gundla, Pochampalli, on the outskirts of Hyderabad.

#### **MUFG, Morgan Stanley to merge Japan securities ops**

JAPAN'S largest bank Mitsubishi UFJ Financial Group Inc. has reached a basic accord with Morgan Stanley to merge their securities houses in Japan. The move follows the Japanese megabank's decision to buy a 21% stake in the ailing Wall Street giant for US\$ 9 billion, under the accord, Mitsubishi UFJ Securities Company and Morgan Stanley Japan Securities Company will merge, creating a heavyweight player in the Japanese financial services industry.