



MARKET MOVEMENT

Major Indices	March 20, 2009	March 27, 2009	% Change	Change
BSE Sensex	8,966.68	10,048.49	12.06	
NSE Nifty	2,807.05	3,108.65	10.74	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Import duty on raw, white sugar set to be scrapped**
- **Amendment to Registration Act hailed**
- **Government nominates IOC, MRPL to lift Cairn crude**
- **Extension of the Transport Subsidy Scheme, 1971**
- **Government clears 26 FDI proposals worth Rs 10.42 billion**

Import duty on raw, white sugar set to be scrapped

THE Ministry of food has forwarded a proposal to slash import duty on both white as well as raw sugar to zero for the Union Cabinet's consideration. The proposal has already received the Election Commission's nod. Currently, imports of both whites and raws attract 60% basic customs duty. At the same time, mills are allowed to import raw sugar at zero duty against Advance Licences (AL) subject to fulfilling an obligation to re-export one tonne of white (refined) sugar for every 1.05 tonnes of raws shipped into the country.

Amendment to Registration Act hailed

THE Coimbatore Consumer Cause has welcomed the amendment to the Registration Act, 1908 banning registration of certain documents in public interest. The documents include Conveyance of Properties belonging to the Government or local bodies or CMDA, to religious institutions according to the provisions of the Tamil Nadu Hindu Religious and Charitable Endowments Act 1959, Conveyance of properties of Tamil Nadu State Bhoodan Yagna Board, of Tamil Nadu Wakf Board, of lands converted as house sites without the approval of the concerned planning authorities and sale deed cancellation without the express consent of the parties to the document.

Government nominates IOC, MRPL to lift Cairn crude

INDIAN Oil Corporation Ltd (IOC) and Mangalore Refinery & Petrochemicals Ltd (MRPL) are among the public sector refiners who have been nominated by the Government to lift Cairn India's Rajasthan crude. While MRPL has been nominated as the buyer of the initial crude oil from Cairn's Rajasthan fields, IOC would take the crude once volumes rise. Cairn will initially produce 4,000-5,000 barrels of oil a day from its fields in Barmer district of Rajasthan. Subsequently, Cairn, along with its partner ONGC plans to increase production at the Mangala and adjacent Bhagyam and Aishwariya fields to 175,000 barrels a day.

Extension of the Transport Subsidy Scheme, 1971

THE Government of India has decided to extend the Transport Subsidy Scheme 1971. The Scheme compensates the cost of transportation of raw material and finished goods by providing subsidy upto 90% of the cost incurred on such transportation. It is applicable to 14 States/Union Territories (UT's) located in hilly, remote and inaccessible areas, 8 States of the North Eastern region, Jammu & Kashmir, Himachal Pradesh, hilly districts of Uttarakhand, Darjeeling district of West Bengal, Union Territories of Andaman & Nicobar Islands and Lakshadweep. The Scheme has been very helpful all these years in facilitating the pace of industrialization in the beneficiary States/UT's with a large number of industries coming up in the regions resulting in substantial employment generation.

Government clears 26 FDI proposals worth Rs 10.42 billion

THE Government approved 26 Foreign Direct Investment (FDI) proposals that will bring in Rs 10.42 billion into the country. NEO Sports Broadcasting's plan to invest Rs 2.59 billion is among the proposals approved on the recommendation of Foreign Investment Promotion Board (FIPB). NSK Holdings to pump in Rs 2.15 billion to make downstream investment has been cleared, while Samvardhana Motherson Finance's plan to invest Rs 2.09 billion to increase equity participation also got approval. John Deere Construction will bring in Rs 840 million to set up a JV to carry out the manufacturing, marketing and distribution activities.

INDUSTRY WATCH

- **Indian financial sector is stable**
- **India key market for vaccine makers**
- **Regulatory norms, consumer demand to drive auto ECUs' growth**
- **India second favourite investment destination among Japanese firms**
- **India adds 13.45 million mobile users in February**

Indian financial sector is stable

THE Committee on Financial Sector Assessment (CFSA) has noted that India's financial sector is fairly robust and stable. The CFSA has comprehensively assessed the products, regulations and institutions in the financial sector with regard to international benchmarks, and suggested ways to overcome the weaknesses that exist. The Government and the Reserve Bank of India (RBI) set up the CFSA in September 2006 to undertake a complete health check up of the country's financial sector.

India key market for vaccine makers

THE vaccine market, earlier regarded as a commodity sector, is re-emerging as a key revenue generator for the Big Pharma. With the National Immunisation Program (NIP) gaining more importance, several multinational companies now see India as a key market for their vaccines business. The Indian vaccine market was US\$ 665 million in 2007-08 and is growing at over 20%. This market is primarily driven by exports worth more than US\$ 360 million. The domestic market for vaccines is US\$ 300 million with the private sector accounting for half of it at US\$ 120 million.

Regulatory norms, consumer demand to drive auto ECUs' growth

THE automotive Electronic Control Units (ECUs) market in India is witnessing steady growth. Driven by factors like a strong consumer demand for enhanced safety features, the need for compliance with emission regulations and the Original Equipment Manufacturers' (OEMs)

commitment to introduce novel products, the OEM market in India, which stood at 2.5 million units in 2007, is expected to see a rise of 23.8% annually. Government regulations, aimed at making the vehicle fleet safer and more environment-friendly which will increase the number of ECUs installed in mid-level to economy-level vehicles in India.

India second favourite investment destination among Japanese firms

INDIA second favourite investment destination for Japanese companies, about 58% of the 620 companies surveyed said they found India a promising investment destination, compared with 50% in last year. Japanese FDI into India tripled to US\$ 5.4 billion in 2008 from US\$1.78 billion in the previous year. The increase in Japanese investment comes when India is expected to miss the FDI target of US\$ 30 billion for 2008-09, as many foreign companies have postponed or cancelled their plans in the backdrop of the ongoing economic crisis. The key reason for the increasing momentum of Japanese investments in India is the growth potential of the local market. Moreover, cheap labour and qualified human resources also contributed to large investment flows to India. 108 companies had concrete plans to enter the Indian market in 2008, as against 89 in the previous year. Japanese automobile and general machinery companies were the most interested in India as an investment destination.

India adds 13.45 million mobile users in February

THE Indian telecom continues to record a robust growth with the operators adding over 13 million customers in February, higher than the average additions of 10 million in past few months. However, the total addition in February is a notch lower than the January additions of over 15 million subscribers. The number of phone connections in the country mobile and landline has reached 413 million as of February end compared to 400 million in January. Mobile phone users now account for close to 91% of the country's telephone base with 375.74 million mobile connections. The robust growth has also helped push the country's teledensity to 35.62%, an increase of 1.12% when compared to January.

CORPORATE HIGHLIGHTS

- **Bongaigaon Refinery merges with IOC**
- **MMTC inks MoU with Commerce Department**
- **NTT DoCoMo completes 26% stake buy in Tata Tele**
- **HCL Tech in deal with MJ Logistic**
- **Patni cracks Japanese outsourcing market**
- **GEH signs initial pacts with NPCIL for ABWR**
- **Indian Bank, Tata Motors tie up**
- **Avesthagen floats JV with Chilean company**
- **Canara Bank, Hyundai in pact**
- **Ericsson launches telecom tower for Indian market**

Bongaigaon Refinery merges with IOC

BONGAIGAON Refinery and Petrochemicals Ltd (BRPL) have merged with parent Indian Oil Corporation (IOC). With this IOC's business consolidation process comes to a near end. The company is now left with the last major subsidiary of Chennai Petroleum Corporation Ltd (CPCL). Having started the consolidation process with the merger of Assam Oil in October 1981, IOC has merged its lube manufacturing facility Indian Oil Blending Ltd (IOBL) and petroleum product

retailer IBP Ltd with itself in May 2006 and May 2007 respectively.

MMTC inks MoU with Commerce Department

MMTC Ltd, the largest trading company, has signed a Memorandum of Understanding (MoU) with the Department of Commerce, outlining the broad targets for business turnover, gross margin and related parameters to be achieved during the next fiscal year. In the current fiscal, MMTC is likely to log a turnover of Rs 360 billion. In the next fiscal, a number of Joint Ventures (JV) are lined up which would start commencing operations and contributing to its topline and bottomline.

NTT DoCoMo completes 26% stake buy in Tata Tele

JAPAN'S largest telecom company NTT DoCoMo completed the process of acquiring 26% stake in Tata Tele Services (TTSL) for an overall consideration of US\$ 2.7 billion. NTT DoCoMo is now preparing to acquire approximately 12% of the common shares of Tata Teleservices (Maharashtra) Ltd (TTML) through an open offer, Tata Sons (holding company of TTSL). TTSL holds 37.65% stake in TTML, a company listed on the stock exchanges. NTT DoCoMo will nominate three of its directors to join the TTSL board. This deal with NTT DoCoMo values TTSL, with its customer base of 30 million, at over US\$10 billion.

HCL Tech in deal with MJ Logistic

HCL Technologies has entered into a three-year contract with MJ Logistic Services Ltd (MJ), an Indian third-party logistics solutions provider. MJ is setting up a logistics centre at Palwal (Delhi-Agra highway). HCL will provide integrated services, including implementation, support, hosting, monitoring and VSAT connectivity, to extend the capabilities of the upcoming facility. HCL, as a premier reseller of Sterling Commerce, will also implement Sterling Warehouse Management System (WMS) and Sterling Director Solutions at MJ.

Patni cracks Japanese outsourcing market

Japan is looking at Indian providers of outsourcing services. Mumbai-based Patni Computer Systems, which has not only signed two US\$ 10 million deals in Japan in the recent past but has also, witnessed increased traction in the region. Japan currently accounts for 5% of their revenues but they see this touching 9% in the next three years. Business from Japan grew almost 35% last year and they expect healthy growth from this region.

GEH signs initial pacts with NPCIL for ABWR

GE Hitachi Nuclear Energy (GEH), an alliance between GE and Hitachi to serve the global nuclear industry, signed initial pacts with state-run Nuclear Power Corp of India (NPCIL) and Bharat Heavy Electricals Limited (BHEL) to build an Advanced Boiling Water Reactor (ABWR) power station in India. The 1,350 Mega Watt (MW) ABWR technology developed by GEH is the world's only commercially proven Generation III reactor design, with the first two of four units entering service in 1996 and 1997 and four additional units under construction currently.

Indian Bank, Tata Motors tie up

INDIAN Bank has entered into a tie-up with Tata Motors for financing its range of passenger cars. Under the MoU, the bank will offer loans at 11.5% interest rate to customers buying Tata Motors' passenger cars. The repayment period is up to seven years.

Avesthagen floats JV with Chilean company

AVESTHAGEN has set up Avesthagen Latam SpA in Joint Venture (JV) with a Chilean-based biotech company, Uxmal S.A, to promote research and development of bioactives for commercialisation. The new company will be based at Santiago in Chile and Avesthagen will hold 75% of the company. The JV would develop and commercialise functional foods based on bioactives developed by Avesthagen and from Latin American medicinal plants. The objective would be to develop bioactives and tissue culture of a specific plant species for commercial applications and production of bioactives globally.

Canara Bank, Hyundai in pact

CANARA Bank has entered into a tie-up with Hyundai Motor India Ltd to finance the passenger vehicles produced by the company. The bank will extend the finance facility through its branches across the country to the buyers of the cars through the 251 Hyundai dealers.

Ericsson launches telecom tower for Indian market

ERICSSON unveiled Tower Tube its latest radio base station site concept for the Indian telecom market in Hyderabad. The company has set up a prototype of the Tower Tube at Ibrahimpatnam near Hyderabad and would decide about the location of the production facility depending on the customers it would get. The over US\$ 28-billion company has a facility in Jaipur to manufacture about 8,000 base stations a month. Tower Tube is a self-contained fully-encapsulated site with a five-metre diameter room at the base to house all equipment. Ericsson claims that Tower Tube consumes 40% less electricity and produces 30% less carbon emission when compared with traditional towers.