



MARKET MOVEMENT

Major Indices	September 11, 2009	September 18, 2009	% Change	Change
BSE Sensex	16,264.30	16,741.30	0.029	
NSE Nifty	4,829.55	4,976.05	0.030	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **CERC notifies tariff norms for green power**
- **India signs civil nuclear deal with Mongolia**
- **RBI draft norms for repo deals in corporate bonds**
- **Karnataka plans Rs 220 billion project for Bangalore development**

CERC notifies tariff norms for green power

CENTRAL Electricity Regulatory Commission (CERC) notified the tariff regulations for electricity generated from renewable energy sources. These regulations assume special importance in view of the National Action Plan on Climate Change which stipulated that minimum renewable purchase standards may be set at 5% of the total power purchases in 2010 and thereafter should increase by 1% each year for 10 years. The new tariff regulations are expected to promote new investments so that renewable electricity supply could expand to meet the goals stipulated in the National Action Plan. The tariff permitted to a project under these regulations would apply for the whole tariff period which is 13 years. This feature of upfront tariff for whole tariff period is a major initiative to ensure regulatory certainty.

India signs civil nuclear deal with Mongolia

INDIA and Mongolia signed a crucial civil nuclear agreement for supply of uranium making the country number fifth in the world to seal a civil nuclear pact. The Government, apart from announcing a soft loan of \$25 million to rejuvenate the economy of the resource-rich Central Asian country, also signed four more agreements. A Memorandum of Understanding (MoU) was also signed between FICCI and FIFTA (Foreign Investment and Foreign Trade Agency of Mongolia) to further enhance trade relations with India. The MoU on development of cooperation in the field of peaceful uses of radioactive minerals and nuclear energy was signed by the department of atomic energy of the two countries. India has assured assistance to Mongolia in the field of education, particularly in the teaching of English language, and information technology. There is great potential for deeper cooperation in the areas of mining and agriculture.

RBI draft norms for repo deals in corporate bonds

TAKING forward the agenda for developing the corporate bond market, the Reserve Bank of India initially intends to allow repo transactions in only listed securities like non-convertible debt, debentures and bonds rated AA+ and above. Commercial Papers (CPs), Certificates of Deposit

(CDs) and other instruments including non-convertible debentures with less than a year of residual/original maturity, will not be eligible for repo deals. According to new policy Commercial banks, registered non-banking finance companies, EXIM Bank, NABARD, SIDBI, Mutual Funds, Housing Finance companies and Insurance companies would be eligible to enter into repo transactions.

Karnataka Government sets up 7 task forces to raise investments

THE Karnataka Government has set up seven task forces for working out a structure on attracting maximum investments into the State at the Global Investors' Meet. The Government has invited the Bangalore Chamber of Industry and Commerce (BCIC) to be part of three taskforces — infrastructure, agriculture and food processing, and tourism. BCIC has come out with pointers on what the Government needs to do to win infrastructural investments into the State.

INDUSTRY WATCH

- **7 auto testing centres to make India an auto hub on cards**
- **State clocks Rs 134.63 billion export earning in 2008-2009**
- **India's overseas investment zooms to \$17.7 billion**
- **Communication sector is top hardware user**
- **6.8% rise, July IIP backs up revival**

7 Auto Testing Centres to make India an Auto Hub on cards

THE ministry of heavy industries is setting up seven Auto Testing Centres to make India an auto hub. Cars would be tested in these centres before they are rolled out on the roads. In these auto testing centres, car manufacturers belonging to Indonesia, Malaysia and Thailand would be allowed to test their products as part of the Government attempt to invite more foreign direct investment participation in the automobile sector. Car manufacturers currently have to go to Europe and the US for testing their products, and this is for the first time that India is setting up such centres with fully Government-aided funds of Rs 18 billion. These centres would become operational by September 2011 in places like Manesar, Pune, Ahmed Nagar, and Raibarelli, among others.

State clocks Rs 134.63 billion export earning in 2008-2009

ORISSA recorded export earnings of Rs 134.63 billion in 2008-09 with minerals and metallurgical products accounting for 90% of the amount. The export earnings of Orissa have progressively grown from Rs 53.91 billion in 2004-05 to Rs 134.63 billion in 2008-09. The export of minerals and metallurgical products from the state stood at Rs 117.02 billion. Other products like engineering goods, chemicals, electronics and software services as well as handloom and handicrafts also contributed to the export earnings of the state.

India's overseas investment zooms to \$17.7 billion

INDIA'S Foreign Direct Investment (FDI) inflows during 2008 amounted to \$41.5 billion in 2008, constituting 9.6 % of its gross fixed capital formation, against just 1.9 % annual average or \$1.7 billion in 1990-2000, in the first flush of the country's reforms decade. Even as India attracted \$41.5 billion in FDI in 2008, its outward flows or overseas investments amounted to \$17.7 billion, roughly 4.1 % of its gross fixed capital formation.

Communication sector is top hardware user

THE communication and broadcasting sector has overtaken consumer electronics as the largest segment (in value) contributing to the production of electronics hardware in 2008-09. The production of communication technology devices in 2008-09 was to the tune of Rs 260 billion, edging past consumer electronics' production of Rs 259.90 billion. Spurred by the 39 % increase in communication technology devices such as mobile phones and direct-to-home (DTH), the production of electronics hardware increased by 12 % to Rs 946.90 billion for the year ended March 31, 2009 compared with Rs 844.10 billion in the previous fiscal. There were 429.76 million telephone (392 million mobile and 37.76 million landline) subscribers as of March 2009, compared with 300.49 million (261 million and 39.49 million landline) as of March 2008.

6.8% rise, July IIP backs up revival

INDUSTRIAL output as measured by the index of industrial production (IIP) clocked an annual growth rate of 6.8% in July, making it the second consecutive month of buoyant industrial growth. The provisional IIP figure of 7.8% for June was revised upwards to 8.2%. China, Asia's second largest economy, also showed buoyancy in industrial output with an annual growth rate of 12.3%, according to agency reports. Within the manufacturing segment, the 8.8% growth in consumer goods, the highest in eight months, the domestic consumption story remains strong in India.

CORPORATE HIGHLIGHTS

- **Nissan launches 2 new cars in India**
- **Yamaha launches superbike VMAX priced at Rs 2 million**
- **Shree Shubham Logistics signs MoU with Axis Bank**
- **Times of Money ties-up with IDBI Bank for money remittance**
- **Yes Bank in pact with French firm to raise \$20 million**
- **IDFC PE acquires BP Energy's wind power business in India**
- **KSIDC, GAIL in pact for gas pipeline infra**
- **InfoPrint joins hands with Bhavish Graphics**

Nissan launches 2 new cars in India

NISSAN Motor Company launched two new car models part of an aggressive India expansion plan by Japan's third-largest automaker. India is the single biggest country in Nissan's investment plan in 200. Like other global auto majors, Nissan has been pushing into emerging markets like India and China to cut production costs and sustain sales growth as demand in mature markets stagnates. Nissan ships cars to India ready-made from Japan, incurring a 109 % import duty. By 2012, Nissan plans to expand its India product line from two to nine models, five of which would be manufactured in India, and ramp up its dealer network from five to 55 outlets. Nissan, along with Renault and India's Bajaj Auto, is also developing an ultra-low cost car to compete with the Tata Motors Nano.

Yamaha launches superbike VMAX priced at Rs 2 million

JAPANESE two wheeler major Yamaha has launched its superbike VMAX in the country priced at Rs 2 million. These bikes will get the same kind of enthusiastic response as our recently-launched other products got. The Company has registered a year-on-year growth of 80% during the month of January to August. We are targeting selling 250,000 units in India by this year. The Company is also aiming at garnering a 10% market share by 2012. The new VMAX comes with a 1,679 cc engine. The Company is hoping to grab a market share 10% in the Indian bike market by 2012.

Shree Shubham Logistics signs MoU with Axis Bank

IN a major initiative to increase exposure to the agriculture sector, Shree Shubham Logistics Limited (SSL) announced signing of Memorandum of Understanding (MoU) with Axis Bank to work together in the area of warehouse-based receipt financing. SSL, a subsidiary of Kalpataru Power Transmission Limited, is a Gujarat-based Company focused on developing commodity warehousing logistics parks in strategic locations in the country. The agreement is aimed at bringing the two institutions together, with the bank extending finance against warehoused commodities and inventories, and under the collateral management structures of SSL, providing end-to-end solutions to all the commodity stake holders in the agricultural and non-agricultural segment with a pan-India presence.

Times of Money ties-up with IDBI Bank for money remittance

TIMES of Money, a leading payment service provider has announced a tie-up with IDBI Bank to launch the bank's remittance service Remit' for its customers in UK. This association further strengthens the relationship between the two as it marks the second global remittance corridor set up from Times of Money after the same was launched for US. The bank will use Times of Money's transaction processing capability to offer end-to-end online money transfer for its NRI customers in UK. Under this arrangement, India Remit will enable IDBI Bank's customers in UK to directly transfer money online to any IDBI Bank in India.

Yes Bank in pact with French firm to raise \$20 million

PRIVATE sector lender Yes Bank announced that it has entered into an agreement with Proparco, a French multilateral development finance agency, to raise \$20 million subordinated debt. The bank intends to raise up to Rs.5 billion by way of subordinated debt forming part of upper and lower tier II capital by end of March 2010. The instrument has a maturity of 15 years with a call option with Yes Bank at the end of 10 years from the date of subscription. The debt qualifies for inclusion in upper tier-II for capital under Reserve Bank of India (RBI) guidelines. Proparco is the private sector investment arm of the French multilateral development finance agency Agence Française de Développement (AFD). This capital raising has been done to further augment our tier-II capital base and our capital adequacy and enhance the long-term resources of the bank.

IDFC PE acquires BP Energy's wind power business in India

IDFC Private Equity announced the acquisition of British firm BP Energy's wind power business in India. IDFC Private Equity made the acquisition of the 100-MW portfolio of wind energy assets of BP Energy India through Green Infra Ltd. Green Infra is an independent power producer with 100% equity support from IDFC Private Equity that has committed Rs 3.60 billion to the renewable energy producer. With the acquisition the total energy generating capacity has gone to 124 MW from earlier level of Rs 24 MW. With the acquisition the Company will own operating assets worth over Rs 7.50 billion, including 20 MW assets eligible for generation-based incentive announced by the Government, and a development pipeline of over 300 MW.

KSIDC, GAIL in pact for gas pipeline infra

THE Kerala State Industrial Development Corporation (KSIDC) has tied up with the Gas Authority of India Ltd (Gail) for developing the gas pipeline infrastructure for the state, which officials expect to be the starting point to attract Rs 85 billion in investments. The pact is expected to promote city gas distribution projects using natural gas. Petronet LNG (a Joint Venture of Gail, ONGC, IOC and BPCL) is setting up the LNG terminal at an estimated investment of Rs 40 billion, and the project, which will have re-gasification capacity of 2.5 mmtpa initially to be expanded to 5 mmtpa tank capacity, is expected to be commissioned by 2012.

InfoPrint joins hands with Bhavish Graphics

INFOPRINT Solutions Company, the 49:51 Joint Venture between IBM and Ricoh, has announced its partnership with commercial printing Company Bhavish Graphics to implement automated printing solutions. The demand for variable data printing, which is possible only in digital printing technology, in Chennai has been increasing due the presence of large data centres of multinational banks and financial institutions. The challenge is to offer solutions at the shortest span of time since most of the customers operate in the limited time slots. The clientele for digital printing include telecom, credit cards, banks and mutual fund companies.