



MARKET MOVEMENT

Major Indices	March 13, 2009	March 20, 2009	% Change	Change
BSE Sensex	8,756.61	8,966.68	2.40	
NSE Nifty	2,719.25	2,807.05	3.23	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Private PF trusts can actively manage funds in equities from April 1, 2009**
- **TRAI revises interconnection norms for broadcasters**
- **Cabinet approves Continuation of India's participation in the BOBP-IGO**
- **Centre's move to fund bus purchase, Auto component manufacturers to benefit**

Private PF trusts can actively manage funds in equities from April 1, 2009

THE Central Board of Direct Taxes (CBDT) has changed the investment pattern for recognised Provident Funds (PF) under the income-tax rules. The CBDT has aligned it with the new investment pattern for non-Government provident, gratuity and superannuation funds. The trustees of such funds will have greater flexibility in terms of a wider variety of financial instruments as well as greater freedom to actively manage portfolio. The alignment was required if such funds continue seeking recognition by the tax department and also to have larger exposure to the stock markets.

TRAI revises interconnection norms for broadcasters

THE Telecom Regulatory Authority of India (TRAI) has made it mandatory for all broadcasters to have Reference Interconnect Offers (RIOs) for their addressable systems like direct-to-home (DTH), IPTV and Conditional Access System (CAS). This means that all broadcasters will now have to give in writing the price of their pay and free-to-air channels and the terms on which they will provide them to digital platforms like DTH, IPTV and CAS. The new norms facilitate voluntary rollout of CAS by making it mandatory for all broadcasters to have RIOs for all addressable systems. In addition to this, minimum technical specifications for addressable systems have also been specified.

Cabinet approves Continuation of India's participation in the BOBP-IGO

THE Cabinet approved the proposal of the Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture for continuation of India's participation in the Bay of Bengal Programme Inter-Governmental Organization (BOBP-IGO) beyond April, 2008. The BOBP-IGO has been functioning in India since April, 2003 with its headquarters at Chennai. Presently, Bangladesh, India, Maldives and Sri Lanka are the members of the BOBP-IGO. It has established its position as a Regional Fisheries Body of repute in the international arena. India will continue to annually contribute US\$ 60,000 in equivalent rupees besides hosting the headquarters of the BOBP-IGO at Chennai, Tamil Nadu and meeting its cost at Rs. 260 million per annum.

Centre's move to fund bus purchase, Auto component manufacturers to benefit

THE Centre announced to procure 15,000 buses worth Rs 48 billion under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has given a leg up to auto component manufacturers. State transport undertakings will buy the buses for 63 identified cities. Eventually, orders will be distributed among vehicle manufacturers. Though all vendors supplying to commercial vehicle manufacturers will benefit due to the sudden spurt in volumes, manufacturers of air suspension, seats and air conditioners will be significant beneficiaries of the programme. This is because about 20% of the total is air-conditioned and low floor buses and the rest are semi-low floor and semi-luxury buses.

INDUSTRY WATCH

- **Indian Luxury car market doing well**
- **At 40%, SEZ exports growing four times faster than national average**
- **FDI up 90% during April-November 2008-09**
- **Consolidation may drive growth in diagnostic sector**
- **Aviation MRO segment poised to grow at 10%**

Indian Luxury car market doing well

INDIAN luxury car market doing well, sales numbers posted by automakers in the year so far indicates that this momentum will continue. During February 2009, Mercedes Benz India sold 14% more cars (226) compared to the same month last year and with a slew of attractive models and the flexibility a new manufacturing base brings to the company. North continues to be the biggest volume driver; the South contributes significant numbers to overall sales with a cross-section of buyers. The German automaker, which addresses the Rs 250 million and above segment, accounted for nearly half of this market with overall sales of 3,625 cars (2,415 in 2007) of the 7,500 cars sold in this segment in 2008.

At 40%, SEZ exports growing four times faster than national average

UNITS in existing Special Economic Zones (SEZs) are expected to post a 40% increase in exports to reach Rs 900 billion this fiscal. They are likely to increase another 55% to touch Rs 1450 billion in 2009-10. The 40% growth in exports from SEZs in 2008-09 is much higher than the overall growth in exports from the country pegged at less than 10%. The country's goods exports in 2008-09 are estimated at US\$ 170 billion compared to US\$162 billion in 2007-08.

FDI up 90% during April-November 2008-09

THE Foreign Direct Investment (FDI) inflows during the April-November period stood at US\$ 16.58 billion compared with US\$ 8.71 billion in the corresponding period of the previous fiscal, registering a growth of 90%. Investments from three Asian countries Mauritius, Singapore and Japan contributed more than 55% of the total inflows during the period. Mauritius remained the largest source of foreign investment, with the country contributing US\$ 6.77 billion in FDI inflows during the April- November period, almost doubling its contribution from US\$ 3.68 billion in the same period of the last fiscal. Japanese investment into the country received a major boost when Daiichi Sankyo invested US\$ 3.87 billion to pick up 63% stake in Ranbaxy.

Consolidation may drive growth in diagnostic sector

THE Indian diagnostics and path labs industry, which is pegged at around Rs 45 billion and is growing at an annual rate of 10-12%, is expected to witness consolidation in the near term.

Consolidation is going to go up in the path labs space. Companies will be looking to capture markets, expand geographies and reduce costs by consolidating. It will be consolidation with the aim of expanding the business and there is going to be stronger emphasis on tier-II and tier-III cities.

Aviation MRO segment poised to grow at 10%

INDIA'S Aviation MRO (Maintenance, Repair & Overhaul) segment is estimated to grow at 10% and reach US\$ 1.17 billion by 2010 and US\$ 2.6 billion by 2020. The globalisation of MRO services, manpower cost arbitrage, the availability of talent, locational advantages and the presence of specialist capabilities all combine to make India a potential global/regional MRO hub. The MRO manpower costs in India vary from US\$ 30 to US\$ 35 per hour which is almost 60% cheaper than that in Western Europe and the US though not significantly lower than the manpower costs in other Asian countries such as China and Indonesia.

CORPORATE HIGHLIGHTS

- **H&R Johnson in pact with Gujarat company**
- **Univer Cell opens first concept store in Chennai**
- **iGATE in pact with Japanese company**
- **BSNL launches 3G data cards**
- **Sony unveils new digital still camera range**
- **ICAR launches consortium project on coir**
- **Emerson opens design centre in Pune**
- **Accor buys OCS stake in Indian arm**
- **NID ties up with PACE, more opportunities for students**
- **AAI unveils VRS scheme**
- **Trivitron forms JV with UK Company**

H&R Johnson in pact with Gujarat Company

H&R Johnson (India) Ltd (HRJ), which offers end to end solutions in tiles, bath products and kitchens, announced signing of a 50:50 Joint Venture (JV) agreement with Spectrum Tiles Private Ltd. Spectrum Tiles will manufacture wall tiles in accordance with the technological standards laid down by HRJ, while the latter will focus on marketing the products through its distribution network across the country.

Univer Cell opens first concept store in Chennai

UNIVER Cell launched the first-of-its-kind mobile touch-and-feel concept store, UniverCell Live, in Chennai. It plans to open stores in Bangalore and Hyderabad in the next couple of months. It has categorised the showroom into zones of Listen (FM & MP3 phones), Shoot (Camera phones), Play (Gaming and Video phones) and Connect (Business phones), allowing every customer to browse, examine and experience. The store will house a minimum of 100 phones at any point of time, covering all brands and all price points. The store will also have security cameras to enable the salesmen to keep a watch on customers.

iGATE in pact with Japanese company

iGATE Corporation has entered into an alliance with the Tokyo-headquartered CAC Corporation to offer integrated technology and operations services to the latter's Japanese clients for their

global operations, targeting a revenue of over US\$ 50 million in three years. The primary purpose of the strategic alliance is to exploit the growing opportunities created by the overseas expansion of Japanese corporations. CAC will introduce outsourcing service to its existing clients in verticals such as finance and pharmaceutical industries through the global service delivery footprint of iGATE.

BSNL launches 3G data cards

BHARAT Sanchar Nigam Limited (BSNL) and Micromax have entered into an agreement for sale and distribution of 3G data cards. 3G services of BSNL are currently available in 11 cities and the company plans to take this to 700 cities in the next 2-3 months. Micromax has launched data cards in the USB form factor. The product weighs less than 50 gm and can be used along with both notebooks as well as in desktop. The product supports certain versions of Windows as well as Mac OS operating systems.

Sony unveils new digital still camera range

SONY India unveils new digital still camera range, the company, which has launched 11 models, is targeting a lion's share in the digital imaging space. With the introduction of new product line, they are looking to increase their market share to 42% in the fiscal year 2009 from 37% in the fiscal year 2008. Digital still camera market size in India is said to increase by 20% from one million units to 1.2 million. The new range of products include camera which have a slimmer dimensions and a futuristic design. The cybershot line up is equipped with 10-12 megapixel resolution, powerful imaging innovations to enhanced image performance.

ICAR launches consortium project on coir

INDIAN Council for Agricultural Research (ICAR) has launched a consortium project for development of the coir industry. The Rs 4990 million project will be spearheaded by the Kolkata-based National Institute for Research on Jute and Allied Fibre Technology. The consortium partners are Central Institute for Research on Cotton Technology, Mumbai; Indian Rubber Manufacturers' Research Association, Thane; Rubber Park India, Ernakulam; and T. M. Natural Resource Research and Development Centre, a Thiruvananthapuram-based NGO.

Emerson opens design centre in Pune

EMERSON opens design centre in Pune. Acquisitions, new products and strategic investments during the economic downturn are the features of the roadmap chalked out by Emerson, the US-based technology and manufacturing company. The company has identified close to 40 companies globally which fall in the US\$ 30 million-40 million revenue category as also about three to four companies in the US\$ 1 billion segment for its acquisition process.

Accor buys OCS stake in Indian arm

ACCOR SA buys stake in its Indian entity Accor Services from UK-based OCS Ltd. Accor Services would be a 100% owned subsidiary of Accor SA group. Accor Services is popularly known for its meal vouchers called Ticket Restaurant and gift vouchers. The company has also decided to rechristen itself as Accor Services India Pvt Ltd from Accor Radhakrishna Corporate Services. Favourable market conditions have encouraged them to set up a 100% subsidiary in India and reinforce their global experience and expertise.

NID ties up with PACE, more opportunities for students

NATIONAL Institute of Design (NID) ties up with PACE, students will now have a chance to design General Motors cars right here in Ahmedabad. PACE, a consortium of corporates like GM Autodesk, Siemens PLM Software, EDS an HP company and Sun Microsystems announced a tie-up with the design institute for three years. The tie-up is open-ended, where the companies will provide infrastructure and designing tools to students to work on GM's projects. Around 14 students from our Bangalore campus are already working on a human-machine interface for 2013 Cadillac.

AAI unveils VRS scheme

AIRPORTS Authority of India (AAI) has come out with a Voluntary Retirement Scheme (VRS) for its employees in the Mumbai and Delhi airports, who will be displaced as a result of privatisation of these two airports. The VRS package, in line with the standard public sector unit format, will be applicable to employees who have worked with AAI, including the Directorate-General Of Civil Aviation (DGCA), Civil Aviation Department (CAD) and Centre Public Works Department (CPWD) for a minimum of 15 years. The proposed VRS will cost the Government around Rs 10 billion.

Trivitron forms JV with UK Company

TRIVITRON, a medical equipment manufacturer, has entered into a JV with the UK-based Brandon Medical to manufacture operation theatre lights in India. The manufacturing facility would come up at Trivitron's Medical Technology Park in Chennai at an estimated investment of US\$ 2 million Trivitron would hold 51% in the JV. The market for operation theatre lights in India is about 8,000 lights, of which 1,000 lights would be in the high-end category.