



**MARKET MOVEMENT**

Major Indices	August 14, 2008	August 22, 2008	% Change	Change
BSE Sensex	14,724.18	14,401.49	(2.19)	
NSE Nifty	4,430.70	4,327.45	(2.33)	

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

- **Cabinet gives nod for IPTV guidelines**
- **Government nod for expansion of Ministry of External Affairs**
- **Japan Special Fund, ADB to provide \$1 million for development in Bihar**
- **Cabinet nod for social security for unorganised workers**
- **Integrated ground water scheme cleared**

**Cabinet gives nod for IPTV guidelines**

**THE Cabinet approved the guidelines for allowing broadcasters to share their content with Internet Protocol Television (IPTV) providers.** Existing down-linking norms allow broadcasters to share their channels with cable and direct-to-home platforms only. IPTV is a system where an interactive digital television service is delivered over an internet connection instead of the traditional way of transmitting through a cable network. Users will also get new services such as Video on Demand (VoD) 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.

**Government nod for expansion of Ministry of External Affairs**

**THE Cabinet approved an expansion plan of the Ministry of External Affairs over a period of 10 years through creation of 514 new posts.** The expansion plans entail creation of 139 new officer-grade posts and 110 staff-level posts at the Ministry Headquarters. The country can look forward to better representation in the global fora with additional 175 officers at various missions across the globe. Ninety staff-level posts have also been created for India's missions abroad.

**Japan Special Fund, ADB to provide \$1 million for development in Bihar**

**JAPAN Special Fund and Asian Development Bank (ADB) said they will provide a financial assistance of USD 1 million to Bihar for improving the living condition of the people of the State.** Japan Special Fund, through the multilateral funding agency, would help the State in preparing the blueprint for the proposed Bihar Urban Development Project for cities like Patna and Gaya. The State Government would also be contributing USD 2,50,000 for the development activities.

**Cabinet nod for social security for unorganised workers**

**AMENDMENTS to the Unorganised Sector Workers' Social Security Bill 2007 were approved by the Cabinet to extend social security cover to all workers deprived of the benefits of provident**

**fund and health insurance.** Under the new Bill, it has been suggested that the proposed National Advisory Board for Labour Welfare will now be headed by the Ministry of Labour instead of Central Government nominee, as mentioned in the earlier version. A new section has been added to the earlier Bill, creating provisions for State Governments to set up workers' facilitation centres to disseminate information on available social security schemes, registration of workers with respective district administration and issuing identity cards.

### **Integrated ground water scheme cleared**

**THE Cabinet Committee on Economic Affairs (CCEA)** gave its approval for continuing the ongoing schemes of Ground Water Survey, Exploration and Investigation, Central Ground Water Authority, and Study of Recharge to Ground Water as one integrated scheme on Ground Water Management and Regulation at an outlay of Rs 4.6 billion during the Eleventh Plan period. The scheme will help strengthen the ground water resource management system, delineation of ground water development-worthy areas, developing area-specific artificial recharge and rain water harvesting techniques.

## **INDUSTRY WATCH**

- **Insurance sector expected to be worth US\$ 46.25 billion by 2010**
- **Pharmaceutical firms betting big on nutraceuticals**
- **Logistics to see 15-20% growth**
- **Car buyers will have more to choose from**
- **Banking and financial services sector driving the outsourcing industry**

### **Insurance sector expected to be worth US\$ 46.25 billion by 2010**

**THE total insurance business will reach a level of US\$ 46.25 billion in the next two years from the current level of US\$ 1.15 billion.** Private insurance business would see a 140% growth rate due to the aggressive marketing techniques used by them. Conversely, state-owned insurance companies would see a 35%-40% growth rate. With concerted marketing strategies, private insurance players are rapidly eating into the market share of state-owned insurance companies like General Insurance Company (GIC) and Life Insurance Company (LIC), bringing down their market share to 70% in last 4-5 years, from over 97% earlier.

### **Pharmaceutical firms betting big on nutraceuticals**

**AWARENESS about health care is growing and pharmaceutical companies are betting big on nutraceuticals.** Several pharmaceutical companies are introducing products in this category and predict a significant increase in their profits from this segment. Elder Pharmaceuticals leads the pack while other major players in the nutraceuticals segment include Wockhardt, Plethico, Glenmark and Troikaa Pharmaceuticals. The nutraceutical segment in India is roughly valued at \$400 million and expects it to grow at approximately 20% per year. Though nutraceuticals in India are considered drugs, unlike the Over-The-Counter (OTC) status they have in western countries, the industry estimates global sales to reach \$190 billion by 2010. The dietary supplement market in India alone is estimated to reach Rs 52.67 billion by 2010 and is expected to witness a tremendous growth rate of 16%.

### **Logistics to see 15-20% growth**

**INDIAN logistics industry is expected to grow at 15%-20% per annum, reaching its revenues of \$385 billion by 2015.** The market share of organised logistics players is expected to double to

approximately 12% in the same period. The new logistics centres will give big boost to the industrial activities in the country. 110 logistics parks spread over 3,500 acres at an estimated cost of \$1 billion are expected to be operational by 2012. Around 45 million sq ft of warehousing space will be ready in the next four years. Most of these developments are concentrated in 14 locations. Mumbai has emerged as the preferred location for the development of logistics parks with an investment of approximately \$200 million. The city will witness the development of seven to eight logistics parks on 600 acres around Mumbai. The other cities that fall within the established locations include Kolkata, Chennai and Hyderabad.

### **Car buyers will have more to choose from**

**THE Indian automotive sector is in for one of the most exciting phases with practically all manufacturers lining up a slew of models or upgrading existing ones.** Toyota is set to be first off the block. It has advertised the launch of Altis, stated to be a replacement for Toyota Corolla, and the festive season in September is the period to watch out for more models. Most of the car makers are in the process of finalising plans for launch of new models during this season, as this phase helps in sales volumes going up. The country's largest automaker Maruti is all poised to roll out A-Star and Hyundai Motors its new car i20 following on i10's success. Tata Motors is expected to bring in a revamped Indica range, with new generation engines and exterior and fresh interiors, Fiat its new sedan Linea and another hatch Punto, Honda possibly with a new City and US automakers GM and Ford with new sedans.

### **Banking and financial services sector driving the outsourcing industry**

**THE financial services sector has emerged as a key domain for the outsourcing industry.** Banking, Financial Services and Insurance (BFSI) comprise 38% of the outsourcing industry in India (worth \$47.8 billion in 2007). Most of the work outsourced comes from the US followed by Europe. India has the potential to process 30% of the banking transactions in the US by the year 2010. Outsourcing by the BFSI to India is expected to grow at an annualised rate of 30%-35%. Outsourced services from the BFSI domain include customer support, software and solutions required for core banking, various banking processes like mortgage loan processing, application processing, verifications etc, and other services like market analysis, financial statement analysis etc.

## **CORPORATE HIGHLIGHTS**

- **Japan company tie-up with Micromatic**
- **Wipro Infrastructure, Cargotec in pact**
- **Tulsyan NEC signs pact with Nigerian company**
- **Infotech begins operations in Japan**
- **Lupin buys 30% in Aussie company**
- **ITC Infotech acquires US firm**
- **UTV interactive acquires 80% stake in US-firm**
- **Tata BlueScope Steel forays into retail segment**
- **Union Bank ties up with Edelweiss for wealth management**
- **M&M forms JV with Chinese company**
- **GMR teams up with Malaysian Airlines for repair facility**
- **IndusInd Bank inks Rs 1.5 billion deal with SKS Microfinance**

### **Japan company tie-up with Micromatic**

THE Japan-based Rs 4 billion JTEKT Corporation has tied up with Micromatic Grinding Technologies to produce machine tools for engines and transmissions. JTEKT, which was earlier known as Toyoda Machine Works, with 25% stake of Toyota Motor Corporation, would provide the technology to Micromatic Group to produce machines that can be useful to the auto industry, aerospace, construction and energy industry.

### **Wipro Infrastructure, Cargotec in pact**

WIPRO Infrastructure Engineering, a division of Wipro Ltd, and Cargotec Corporation have entered into a long-term partnership agreement for supply of hydraulic cylinders. Wipro and Cargotec will also partner in engineering, product development and technology initiatives in the area of hydraulic cylinders. Wipro has been a supplier of hydraulic cylinders to Cargotec for several years. Cargotec makes cargo and material handling solutions.

### **Tulsyan NEC signs pact with Nigerian company**

TULSYAN NEC Ltd, the flagship company of Rs 6.8 billion Tulsyan group, signed a Joint Venture (JV) agreement with Budhrani group in Nigeria to set up a steel making and rolling mill. Tulsyan will hold 51% in the JV. The plant would have an annual capacity of 60,000 metric tonnes of steel at an investment of Rs 680 million. The turnover for this venture is expected to be around Rs 3.5 billion.

### **Infotech begins operations in Japan**

INFOTECH Enterprises announced the launch of its operations in Tokyo. It has inducted two senior professionals to help grow the Japanese market and sees this centre serving as a regional hub. While the initial focus will be on engineering services, it plans to conduct market research and thereafter offer other services.

### **Lupin buys 30% in Aussie company**

LUPIN has acquired over 30% stake in Generic Health Pty Ltd of Australia, one of the top 10 generics drug suppliers in the Australian market. The Melbourne-headquartered Generic Health markets generic prescription and OTC products in the Australian market, in a partnership model with established global generic drug makers. The company sells approximately \$500 million worth of drugs in Australia, which has Rs 113 billion (A\$3 billion) worth generics market. The total drug market in Australia is worth A\$10 billion (Rs378 billion).

### **ITC Infotech acquires US firm**

ITC Infotech India Ltd, a fully owned subsidiary of ITC Ltd, said it had acquired Pyxis Solutions, a US-based company offering quality assurance solutions and testing services. The enterprise value of Pyxis Solutions is \$25 million. It was an all cash deal, and has been funded internally. Pyxis Solutions will bring on board differentiated capabilities and expertise which will compliment ITC Infotech's service offerings.

### **UTV interactive acquires 80% stake in US-firm**

UTV Software Communications announced that it has bought 80% stake in the US-Based online game publishing Group, True Games Interactive. The company stated that the acquisition, which has been carried out through the group's gaming arm, UTV Interactive, is in tune with the business strategy of realising growth through the inorganic route. The acquisition now gives UTV a presence across all gaming categories like console, online and mobile.

### **Tata BlueScope Steel forays into retail segment**

TATA BlueScope Steel, a 50-50 JV between Tata Steel and BlueScope Steel, has entered the retail segment with Durashine range of colour-coated steel building products. This is in addition to the range of building products and solutions that it offers in the SAARC region. It would offer customers aesthetic colour-coated roofing and walling profile options in several colours along with pre-punched high strength galvanised purlin and specially designed Guard Huts.

### **Union Bank ties up with Edelweiss for wealth management**

UNION Bank of India (UBI) has tied up with Edelweiss Securities Ltd, and Wealth Advisors India (P) Ltd to offer Wealth Management Services (WMS) to its High Net-Worth Individual (HNI) clients. Edelweiss would take care of the bank's East and West zone clients, and Wealth Advisors its North and South zone ones. Initially, the WMS was being launched in Mumbai, New Delhi, Kolkata, Chennai, Bangalore and Hyderabad. UBI expects to cover 500 to 600 HNI clients under this new initiative by March next year.

### **M&M forms JV with Chinese company**

MAHINDRA & Mahindra (M&M) said it has formed a JV with Chinese tractor manufacturer Jiangsu Yueda Yancheng. M&M would invest \$26 million in the JV firm – Mahindra Yueda Yancheng Tractor – where M&M would hold 51% stake, while the rest would be with the Chinese partner. According to the agreement, the tractor related assets and current liabilities from Yancheng tractors would be transferred to the JV Company. The net assets transferred to the JV are valued at \$50 million.

### **GMR teams up with Malaysian Airlines for repair facility**

THE GMR Hyderabad International Airport has teamed up with Malaysian Airlines to set up an Maintenance, Repair and Overhaul (MRO) facility at Rajiv Gandhi International Airport (RGIA). The two companies would establish a JV company to start MRO operations. The MRO would come up in the Special Economic Zone (SEZ), for which GMR had got a mandate, at the airport.

### **IndusInd Bank inks Rs 1.5 billion deal with SKS Microfinance**

IndusInd Bank has entered into a securitisation deal in microfinance worth Rs 1.5 billion with SKS Microfinance. Under this transaction, SKS Microfinance offered a pool of assets to IndusInd Bank. The credit enhancement was provided through an over-collateralisation structure of SKS' micro finance assets. SKS Microfinance has also signed a management and collection agreement with the bank and would continue to administer these loans and channel the collections to the bank.