



**MARKET MOVEMENT**

Major Indices	July 16, 2010	July 23, 2010	% Change	Change
BSE Sensex	17,955.82	18,130.98	0.97	
NSE Nifty	5,393.90	5,449.10	1.02	

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

- India, Japan launch pilot project to monitor natural disasters
- Canada to partner Vibrant Gujarat 2011
- Government to rope in private companies to build rail network
- RBI allows take-out financing via ECBs for infra projects
- Government relaxes built-up area norms for SEZs in smaller cities
- Centre, states agree on new platform for GST

**India, Japan launch pilot project to monitor natural disasters**

**INDIA** and **Japan** have begun a pilot project to test the procedures and systems to evolve a **Network for Natural Disaster Mitigation and Recovery or DISANET**. It is aimed at monitoring natural disasters and developing an emergency communication system, using the information technology tools. It is funded by the Japan Science and Technology Agency (JST), a Japanese Government agency, the project would involve Indian Institute of Technology (IIT: Hyderabad, Madras and Kanpur), National Geophysical Research Institute (NGRI) and India Meteorological Department. The Japanese academic institutes would share their expertise in the area of earthquake monitoring, weather hazard sensing and emergency communications. It will study the scope to establish a robust sensor network for pre-disaster monitoring and deploy communications and database systems for post-disaster relief. They will develop a 3D monitoring and analysis programme for earthquakes in the Himalayan belt. The structural behaviour of buildings will be studied to assess vulnerability and post-disaster response.

**Canada to partner Vibrant Gujarat 2011**

**THE** Government of **Canada** has accepted an invitation from **Gujarat** to act as a 'Partner Country' to the **Vibrant Gujarat 2011 Summit**. Canada is the second country to partner the fifth edition of the global summit to be held on January 12 and 13, 2011. Japan, which partnered in the 2009 event, will continue its association next year as well. While Japan will demonstrate its world-class technology and industrial practices, Canada will provide a focus on alternative energy, clean and green technologies to improve the quality of work and life. The 2011 summit will enable Canadian companies to showcase their cutting-edge technology and share best practices, besides giving them an opportunity to invest and forge Joint Ventures in Gujarat's growing green energy sector.

### **Government to rope in private companies to build rail network**

**THE Government has decided to rope in the private sector for building rail lines and connectivity projects to create additional rail transport capacity in the country.** Government has come out with a new scheme, which would provide discounts on freight charges to private companies that invest in rail connectivity projects. The policy aims at making railways a more competitive option for prospective customers and also helps increase the railways' freight business. The scheme is applicable to new line proposals that are over 20 kilometers in length, also allows private players to build railway lines on privately acquired non-railway land. They would be expected to enter into a contract with railways to operate and maintain the line for a period of 30 years. Railways will levy a fee up to 4% on the earnings from such lines. They have also provided three other investment options to private players, barring iron ore and coal miners.

### **RBI allows take-out financing via ECBs for infra projects**

**THE Reserve Bank of India (RBI) has decided to permit take-out financing arrangement through External Commercial Borrowings (ECBs) under the approval route for infrastructure projects.** The new measure, taken in view of the special funding needs of the infrastructure sector, will help refinance rupee loans obtained from domestic banks for development of new projects in sea ports, airports, roads including bridges and power sectors. The corporate taking up the project should have a tripartite agreement with domestic banks and overseas recognized lenders for either a conditional or unconditional take-out of the loan within three years of the scheduled commercial operation date. The loan should have a minimum average maturity period of seven years and the domestic bank financing the project should comply with the extant prudential norms relating to take-out financing.

### **Government relaxes built-up area norms for SEZs in smaller cities**

**THE Government has relaxed the minimum built-up area norms for these tax-free enclaves coming up in smaller cities.** The move would mainly spur investments in IT/ITES Special Economic Zones (SEZs) in Tier 2 and Tier 3 cities. It could also help sectors such as gems and jewellery, non conventional energy, biotechnology and free trade warehousing, where minimum built up area norms are prescribed. The current built up requirements range from a minimum 40,000 square meters for bio-technology SEZs to 100,000 square meters in case of IT/ITES SEZs. The built up area norms pertains to the processing area where production takes place; this is at least 50% of the total SEZ area. It will encourage entrepreneurs and developers to look at development in semi-urban areas and ensure that world-class infrastructure gets created in remote areas.

### **Centre, states agree on new platform for GST**

**THE Government will float a Special Purpose Vehicle (SPV) for setting up Information Technology (IT) infrastructure for the proposed Goods and Services Tax (GST).** The SPV, called GSTN (Goods and Services Tax Network), will have the Union Government, the states and a technology partner as its stakeholders. The group will choose technology and the vendor for time-bound implementation of GST. The technology partner could be National Securities Depository Ltd or National Payments Corporation of India. The empowered committee on IT will include people from five states who will represent most advanced, moderately advanced and least advanced states in terms of the use of technology. The SPV will be formed by August 10 and by December 1 it will start testing of a tax platform interface with taxpayer software. The SPV will also provide assistance to states which do not have required IT infrastructure for the GST rollout.

## INDUSTRY WATCH

- **Railways freight revenues up 7% in June 2010**
- **Indian biotech industry grew 17% in 2009-10**
- **Exports rise 30.4% in June and imports jump 23%**
- **Q1 spices export up in volume, value**
- **Software exports from STPI units at Rs 11.98 billion in 2009-10**

### **Railways freight revenues up 7% in June 2010**

**THE Indian Railways freight revenue touched US\$ 1.03 billion in June 2010, an increase of 6.99% from the corresponding month in 2009.** The growth in revenue was supported by commodities including cement, coal, foodgrains, fertilizer, iron ore, and mineral oil. The Railways freight increased to 79.94 million tonnes (MT) of goods, a marginal growth of 0.47% in June 2010 from the corresponding month in 2009. The Railways earned 96% more by moving one tonne of iron ore meant exports for one kilometre in June 2010 as against June 2009. The earnings can be attributed to various factors including increase in fare, handling and other supplementary charges. The Railways earned about 22% more by moving one tonne of goods in containers for one km during the period.

### **Indian biotech industry grew 17% in 2009-10**

**INDIA'S biotech industry clocked a 17% growth with revenues of Rs.137 billion in the 2009-10 financial years over the previous fiscal.** The industry witnessed a three-fold growth in the last five years. Companies in western India outperformed those in other parts of the country, logging revenues worth Rs.66.31 billion constituting 46% of the total biotech market. The industry witnessed a three-fold growth in the last five years. Southern India made up for 39% of the overall revenues at Rs.55.37 billion, the northern bio-cluster contributed just a seventh of the revenues at Rs.20.30 billion.

### **Exports rise 30.4% in June and imports jump 23%**

**TOTAL exports in the first quarter of this fiscal were worth \$50.8 billion rise by 32.25% over the same period last fiscal.** Engineering, oil, iron ore, chemicals, gems and jewellery, exports stayed in the positive territory for the eighth consecutive month with shipments in June posting a 30.4% growth over the same month last year to touch \$17.75 billion. Imports in June were \$28.3 billion, up 23%. Oil imports recorded a 25% growth in June.

### **Q1 spices export up in volume, value**

**SPICES exports increased in volume and value during the first quarter of the current fiscal due to steep increase in volume and value of major export items** such as chilly and turmeric. The total spices' export volumes moved up 17% to 148,730 tonnes compared to 127,265 tonnes last fiscal, value realization increased even more at 19% to Rs 15.33 billion. Foreign exchange earnings have gone up 22 % to \$336.43 million compared to \$275.19 million last fiscal. Chilly has become the biggest item of export, relegating traditional spices mint, mint products, spice oils and oleoresins. Chilly exports grew 33% in volume to 56,750 tonnes and 39% in value to Rs 3.49 billion.

### **Software exports from STPI units at Rs 11.98 billion in 2009-10**

**SOFTWARE** exports from Orissa have witnessed an almost flat growth in 2009-10 at Rs 11.98 billion. This is a marginal increase over Rs 11.71 billion which the IT units registered with the Software Technology Parks of India (STPI) had clocked in 2008-09. The state IT department is leveraging IT services for the benefit of the common people in the rural areas. This is primarily being done through the establishment of the Common Service Centres (CSCs).

## **CORPORATE HIGHLIGHTS**

- **Japan's Kobelco to set up unit in Chennai**
- **Japan's Akai re-launches range of consumer electronics in India**
- **JFE to invest \$1 billion in JSW Steel-media**
- **Ranbaxy to sell Daiichi Sankyo's anti-bacterial drug in two countries**
- **Tiana Power ties-up with KOPEC for cheap power**
- **Puzzolana forms JV with Italian firm**
- **Kobe Steel mulls tie-up with NMDC for stake buy in Australian ore project**
- **Thermo King India inks distribution pact with TVS & Sons**

### **Japan's Kobelco to set up unit in Chennai**

**JAPAN'S Kobelco Cranes**, a subsidiary of Kobe Steel, said it will set up a plant near Chennai to produce crawler cranes. This will strengthen Kobelco's involvement in the Indian market, which is anticipated to grow rapidly in the future. Entailing an investment of 1.2 billion yen, the plant is to begin production in October 2011. It will come up in the SriCity special economic zone, about 75 km north of Chennai. The facility will come up near Kobelco Construction Machinery's hydraulic excavator plant. The excavator plant is currently under construction and will begin production in January 2011. The close proximity of the plants will enable the two companies to share distribution and information, which will increase the business efficiency of their Indian operations. Kobelco is Japan's top manufacturer of crawler cranes, with about 50% share in the domestic market. The new Indian plant will be Kobelco's first overseas production facility.

### **Japan's Akai re-launches range of consumer electronics in India**

**AKAI**, the Japanese consumer electronics brand is re launching a wide range of products from TV sets to microwave ovens. The company intends to sell the products by importing some of these from its Southeast Asian units as also sourcing from Indian firms by extending their technology under what in industry parlance is called original equipment manufacture. Akai portfolio will include high-definition television sets, colour TVs, washing machines, microwave ovens, DVD and home theater systems. They are re-launching the brand with a total of 37 models across these segments. They will be priced in a range of Rs 2,400 to Rs 55,000 vein thrombosis (DVTs) and is sold under the brand name Arixtra by GlaxoSmithKline.

### **JFE to invest \$1 billion in JSW Steel-media**

**JFE Holdings Inc**, Japan's second-biggest steelmaker, plans to invest about \$1 billion in India's JSW Steel Ltd. JFE plans to buy securities convertible into shares at a minimum price of Rs 1,300 each, and may own a little less than 15% of JSW after conversion. JFE Steel, the main

steelmaking unit of JFE Holdings, and JSW had agreed in November on an alliance that could include the two companies taking stakes in each other. A partnership with JSW would give the Japanese company a crucial foothold in India as it aims to boost supply of its high-grade automotive sheet steel to Japanese carmakers like Toyota Motor Corp and Nissan Motor Co, which have set up manufacturing bases in India.

### **Ranbaxy to sell Daiichi Sankyo's anti-bacterial drug in two countries**

**DAIICHI SANKYO**, Japanese drug maker has announced plans to leverage Ranbaxy's presence in Romania and South Africa to market Tavanic (levofloxacin), the synthetic anti-bacterial agent originally discovered by Daiichi Sankyo. Daiichi Sankyo and Sanofi-Aventis have now agreed to transfer the marketing rights of Tavanic in Romania and South Africa to Ranbaxy. The transfer is expected to be effective in August 2010 for Romania, and in January 2012 for South Africa. Sanofi-Aventis will, however, continue to manufacture the products for these countries. Ranbaxy has a significant presence and position in Romania and South Africa. As part of their commitment to deliver greater value through the hybrid business model, they are pleased to offer Tavanic, an innovative product of Daiichi Sankyo in these markets.

### **Tiana Power ties-up with KOPEC for cheap power**

**TIANA Group Company**, Tiana Power Projects has signed a Memorandum of Cooperation (MoC) Agreement with Korea Power Engineering Company (KOPEC), a subsidiary of the South Korean Government-owned Korea Electrical Power Corporation to provide power in the country at affordable rates. Under the agreement, Tiana Power will be the principal promoter, developer and owner of power projects and KOPEC will bring in its technical and engineering expertise. This is a first of its kind technological and engineering partnership between a Korean Government enterprise and a Pune-based power company to provide power at affordable prices to the people of India.

### **Puzzolana forms JV with Italian firm**

**PUZZOLANA Group**, a manufacturer of crushing, screening and bulk material handling systems signed an Memorandum of Understanding (MoU) with Italy's Guidetti Recycling Systems to incorporate a Joint Venture (JV) Company Puzzolana Guidetti. The JV will manufacture earth moving equipment including pavers, compactors and graders using Guidetti's technology at Puzzolana's 10-acre plant on the outskirts of Hyderabad. Puzzolana will hold equity of 80% in the JV and the rest will be with the Italian company. The new manufacturing facility, commissioned with an investment of \$5 million, currently has an optimum capacity of 1,200 units a year. The Joint Venture Company (JVC) will roll out the first set of models from this plant by this November and the full range by February 2011.

### **Kobe Steel mulls tie-up with NMDC for stake buy in Australian ore project**

**KOBE STEEL** of Japan which has tied up with NMDC Ltd for setting up an iron nugget plant in Andhra Pradesh is keen to expand the scope of the relationship with India's largest iron ore producing company. The Japanese steel major is considering teaming up with NMDC to acquire majority stake in Atlas Iron's Ridley iron ore project in Australia. Atlas Iron is planning disinvestment of 70% of its stake in the Ridley project. NMDC has before it a proposal to acquire a stake in it. The extent of their acquisition will depend on how much the deal is worth. NMDC is considering a Joint Venture with Arcelor Mittal for developing iron ore mines in Senegal, in Africa. An NMDC team will visit Senegal in August. There is a further proposal to acquire coking coal mines of both soft and hard varieties in Russia.

**Thermo King India inks distribution pact with TVS & Sons**

**THERMO KING INDIA** has entered into a **distribution tie-up with TVS & Sons to sell its climate control products in the country.** Thermo King, a wholly-owned subsidiary of Ireland-based \$13 billion diversified firm Ingersoll Rand Plc, is a leading global transport temperature control systems provider for various mobile applications, like trucks, trailers, buses, railway coaches and marine containers. As per the distributor agreement, TVS will be responsible for distributing and servicing over 20 current models of Thermo King Products such as bus air-conditioning units, truck refrigeration units, trailer refrigeration units and their spare parts. The partnership will help both the players to expand and create new markets in supply chain infrastructure and comfortable commuter transportation.