



MARKET MOVEMENT

Major Indices	July 09, 2010	July 16, 2010	% Change	Change
BSE Sensex	17,460.95	17,955.82	2.83	
NSE Nifty	5,237.10	5,393.90	2.99	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, Japan may work out pact on standards for goods**
- **E-filing with digital signature mandatory for companies**
- **Centre lists entities for infrastructure bond tax breaks**
- **CCEA approves Rs 28.73 billion socio-economic plan for Mizoram**
- **Government approves 3 year moratorium on deepwater drilling**
- **Tax-free infra bonds capped at 25% of investment**

India, Japan may work out pact on standards for goods

IN a move to an increase in India's exports of Value Added Products (VAT) to Japan, Tokyo and New Delhi have decided to work on Mutual Recognition Agreements (MRA) on standards in identified sectors. The move to ink MRAs on standards regarding mutually agreed sectors, and that too within a reasonable timeframe, is aimed at boosting value-added exports from India in sectors such as telecom, electrical and electronic products, and radio equipment. Currently, majority of exports from India to Japan are either raw materials such as ores or those with hardly any value addition. The MRAs would mean that Tokyo would grant recognition to certain Indian companies, including the premier ones from the public and private sectors, as well as top testing houses whose certification would be enough for export of goods to Japan.

E-filing with digital signature mandatory for companies

IT has been made mandatory for companies to file their income tax returns electronically in Form No ITR-6, with digital signatures. Earlier, companies could file their returns with or without digital signature. Filing returns electronically has also been made compulsory for individuals whose accounts are required to be audited under the I-T Act. The Central Board of Direct Taxes (CBDT) amended the rules relating to electronic filing of income tax returns. According to the amended rules, all individuals and Hindu Undivided Families, who have to get their accounts audited under section 44AB of the Income Tax Act, 1961, have to file their income tax return in Form No ITR-4 electronically, with or without digital signature. Accounts are required to be audited under the income tax law if turnover or gross receipts from a business exceed Rs 4 million, or, if the turnover or gross receipts from the profession exceeds Rs 1 million.

Centre lists entities for infrastructure bond tax breaks

AN individual can invest up to Rs 20,000 in infrastructure bonds issued by these entities and claim a deduction of up to Rs 20,000 in addition to the existing aggregate limit of Rs 100,000. Investment in infrastructure bonds issued by Life Insurance Corporation of India (LIC), Industrial Finance Corporation of India (IFCI) and Infrastructure Development Finance Company Ltd (IDFC) would qualify for the additional Rs 20,000 deduction for individual taxpayers. The additional tax deduction would be available for investments made in such bonds in 2010-11. Besides these three entities, bonds issued by a non-banking finance company classified as an infrastructure finance company by the RBI would also be counted for this purpose. The tenure of the infrastructure bonds has to be a minimum of 10 years with a lock-in period of five years. It will be mandatory for the subscriber to furnish permanent account number to the issuer for investment in the bonds.

CCEA approves Rs 28.73 billion socio-economic plan for Mizoram

THE Cabinet Committee on Economic Affairs (CCEA) approved a comprehensive and integrated socio-economic development project for Mizoram, involving a cost of over Rs 28.73 billion over a period of five years. The programme will benefit 120,000 families will be implemented under the new land use policy of the state Government. It envisages switching people involved in Jhum cultivation to permanent livelihood activities with ownership of land, access to link roads, irrigation and water harvesting and all this at a remunerative price for produces. The integrated socio-economic development project for Mizoram under new land use policy seeks to increase income by 7-10 times through agri-horticultural activities, animal husbandry, fisheries, agro forestry etc.

Government forms committee to improve service at GSI

GOVERNMENT has established a committee to improve the quality of service of one of the world's oldest mineral mapping organizations, the Geological Survey of India (GSI). The Quality Management Committee was set up in the Geological Survey of India with a view to reassess the capabilities, identify gap areas and suggest measures to improve the quality of services and products of GSI. Government will stress on the need for proper maintenance of mining equipment and their timely replacement. It would be given due consideration for maintaining the input-output quality and their optimal use.

Tax-free infra bonds capped at 25% of investment

AN Infrastructure Finance Company (IFC) can issue only 25% of its incremental investment as tax-free infra bonds in a year. The volume of issuance (of tax free bonds) during this financial year will be restricted to 25% of the incremental infrastructure investments made by the issuer during the fiscal 2009-10. The objective is to link an IFC's level of activity in the infrastructure sector with the amount it plans to raise through bonds. The Government wants to step up infra investments to ensure expansion of the sector. Continuous incremental spending would ensure that funds are channelized properly.

INDUSTRY WATCH

- **Railway revenue earnings up 7% in April quarter**
- **Domestic airlines post 22% growth in June**
- **GSM operators added 12.29 million new subscribers in June**
- **Japanese companies head for Tamil Nadu**
- **Industrial output seen up 16% in May Y-o-Y**

Railway revenue earnings up 7% in April quarter

THE total approximate earnings of Indian Railways during the three-month period between April and June 2010 were Rs 220.61 billion compared to Rs 206.10 billion during the same period last year, registering a growth of 7.04%. The total goods earnings have gone up by 7.20% from Rs 139.27 billion during April -June 2009 to Rs 149.30 billion during April-June 2010. The total passenger revenue earnings during first three months of the financial year 2010-11 were Rs 61.90 billion as against Rs 58.02 billion during the same period last year, posting an increase of 6.69%. The revenue earnings from other coaching amounted to Rs 6.26 billion during April-June 2010 compared to Rs. 5.77 billion during the same period last year, an increase of 8.35%.

Domestic airlines post 22% growth in June

DOMESTIC airlines flew 4.50 million passengers in June 2010, up almost 22% against June 2009. The airlines operated with healthy seat factors in the range of 72% to 90%. This growth is due to the increase in congestion at the metro airports. Domestic airlines post 22% growth in June. 25.71 million Passengers travelled on domestic carriers between January and June, compared with 21.09 million in the same time last year, a rise of 21.9%.

GSM operators added 12.29 million new subscribers in June

INDIAN GSM telecom operators added 12.29 million new subscribers in the month of June, taking the all-India GSM cellular subscriber base to 456.58 million. Bharti Airtel, the number one GSM operator, added three million new users in June, taking its total subscriber base to 136.6 million. Bharti is the leader with a 29.92% market share. Vodafone Essar added 2.71 million subscribers during the month, taking its subscriber base to 109 million having a market share of 23.89% by the end of June 2010. State-run telecom firms BSNL and MTNL added 1.09 million and 44,413 new users respectively, taking their subscriber base to 66.88 million (BSNL) and 4.90 million (MTNL). Idea Cellular has added 2.15 million users in June, taking its total user base to 68.88 million.

Japanese companies head for Tamil Nadu

A large number of companies from Japan are looking at Tamil Nadu for investment. Among them are Nippon and Sharp, and four large suppliers of Nissan. A delegation from Tamil Nadu which visited Japan to attract investments has come back with much work to do. The mission was sponsored by the Tamil Nadu Government as a follow-up to the visit of a 60-member Japanese business delegation to the State in March. Over 500 companies attended the seminars in Tokyo held at Osaka, Nagoya, Tokyo and Hiroshima. In all, the delegation exposed Tamil Nadu to over 1,000 companies. the Tamil Nadu Government and the Japanese Ministry of Economy, Trade and Investment (METI) are to soon sign an agreement to set up a 'joint working group' with co-opted members from Karnataka.

Industrial output seen up 16% % in May Y-o-Y

INDUSTRIAL output is forecast to grow 16% in May from a year earlier. Like the previous month, healthy manufacturing aided by robust domestic consumer demand, rebounding exports, higher infrastructure spending and private investments are expected to support factory output. A statistical low base a year ago is likely to help production expand at a double-digit rate for the eighth straight month.

CORPORATE HIGHLIGHTS

- **Toyota ties up with Indian Bank for retail finance**
- **Dr Reddy Laboratories sign MoU with Australian pharma**
- **TWL acquires French wagon Company for over Rs 117 million**
- **Nova Medical inks JV with Max Healthcare**
- **CIRCOR India acquires Ahmedabad based Mazda**
- **SBI inks pact with Oman for \$100-million fund**
- **Tata Communications joins hands with Google**
- **Piramal Healthcare sells diagnostics business to SRL**

Toyota ties up with Indian Bank for retail finance

TOYOTA KIRLOSKAR MOTOR has tied up with public sector lender **Indian Bank** to provide retail financing facilities to its prospective customers. Toyota Kirloskar Motor (TKM) has signed a Memorandum of Understanding (MOU) with Indian Bank to extend auto retail finance to their prospective customers. As per the agreement, Indian Bank will be one of the preferred retail financiers for the entire range of vehicles of TKM. Both Indian Bank and Toyota dealers will promote the schemes to provide various finance options to its customers through all branches of Indian Bank.

Dr Reddy Laboratories signed MoU with Australian pharma

INDIAN Pharma major Dr Reddy Laboratories signed an agreement with **Alchemia**, an **Australian Pharmaceutical company**, for marketing **Fondaparinux sodium for injection in all markets outside of North America**. According to the agreement Dr Reddy's will pay to Alchemia a royalty on sales at an agreed proportion. Dr Reddy's will have the option to market the drug itself or enter into agreements with third parties. Fondaparinux is used for the treatment and prevention of deep vein thrombosis (DVTs) and is sold under the brand name **Arixtra** by **GlaxoSmithKline**.

TWL acquires French wagon Company for over Rs 117 million

TITAGARH WAGONS LTD (TWL) has acquired **French rail wagon-maker IGF Industries-Arbel Fauvet Rail (AFR)** for around **Rs 117 million**. Titagarh Wagons (TWL) acquired all the assets, patents, brand and business of AFR without any liabilities. They paid two million euro as acquisition cost and another up to 13 million euro is been committed to be paid. They will export components from India to France for manufacturing wagons. TWL will retain 80 employees of 226 employees of AFR.

Nova Medical inks JV with Max Healthcare

NOVA Medical Centers, a specialized daycare surgery centre chain announced that it has entered into a Joint Venture (JV) agreement with Max Healthcare Institute to expand its reach in the National Capital Region. It will have a 69% stake in the yet to be named JV, while Max Healthcare will hold the remaining 31%. The JV will focus on the NCR and may later expand to the northern parts of the country. As per the JV agreement, Max Healthcare will provide assistance for all additional procedures that are not typically undertaken at Nova centres, such as cardiac and organ transplant surgeries.

CIRCOR India acquires Ahmedabad based Mazda

CIRCOR Flow Technologies Private Ltd, a Coimbatore based valve design, development and manufacturing company has acquired the valves division of Ahmadabad based Mazda Ltd. The acquisition would provide Circor with greater access to the steadily growing Indian power generating industry and broaden the product offering with a suite of service control valves. CIRCOR has a diversified portfolio of highly engineered products, solutions and sub-systems that control flow of fluids safely and efficiently in aerospace, energy and industrial applications.

SBI inks pact with Oman for \$100-million fund

STATE BANK of INDIA and State General Reserve Fund (SGRF) of Oman signed a Joint Venture (JV) agreement to form a Joint Investment Fund (JIF). The fund will be for the Indian investment opportunities, will start with a corpus of \$100 million to be contributed equally by SGRF and SBI. The fund would be invested to eight identified areas of cooperation included IT, education, hotels, oil and gas, food security etc. The signing of the Joint Venture (JV) agreement would open new vistas of cooperation between India and Oman.

Tata Communications joins hands with Google

TATA COMMUNICATIONS and Google have joined hands to offer the latter's portfolio of business tools in India on a 'pay as you use' model. The companies would work together on a revenue-sharing model to provide business tools such as e-mail, instant messaging, calendar functionality, video and office presentations over the Internet using the Google Apps software suite. Google Apps is a service encompassing independently customizable versions of several Google products under a custom-domain name.

Piramal Healthcare sells diagnostics business to SRL

PIRAMAL HEALTHCARE has formalized the sale of its Rs 2 billion diagnostics business to Super Religare Laboratories Ltd (SRL) for Rs 6 billion. The deal puts the combined Rs 3.75 billion entity under SRL ahead of competitors in the diagnostic services industry. These funds come into Piramal Healthcare and would be invested in growing the existing businesses in healthcare projects and other emerging growth areas. The acquisition makes SRL the largest network of pathology and radiology centres in the country.