



MARKET MOVEMENT

Major Indices	June 17, 2016	June 24, 2016	% Change	Change
BSE Sensex	26,625.91	26,397.71	(0.85)	
NSE Nifty	8,170.20	8,088.60	(0.99)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India and UK join hands to work as R&D partners**
- **Cabinet approves special package for job creation & export promotion in textile sector**
- **Government allows 100% in defence, aviation**
- **MoU signed between IWAI and IPGPL**
- **Government approves USD 344 million highway project in Karnataka**

India and UK join hands to work as R&D partners

India and UK have agreed to work together in two major initiatives in the fields of Solar Energy and Nano Material Research, inter alia. The research projects will focus on systems level design and development covering solar energy generation, storage systems and grid integration particularly for micro-grid systems. India would be investing USD 7.5 million over a period of five years with matching contribution from Research Council UK (RCUK) under the Newton-Bhabha Programme.

Cabinet approves special package for job creation & export promotion in textile sector

The Union Cabinet has approved a special package for job creation and export promotion. This package includes a series of labour-friendly measures that would promote employment generation, economies of scale and boost exports. The new measures would strengthen and empower the Indian textile and apparel sector by improving its cost competitiveness in the global market.

Government allows 100% in defence, aviation

Government has relaxed Foreign Direct Investment (FDI) norms in single brand retail, civil aviation, airports, pharmaceuticals, animal husbandry and food products. It has allowed up to 100% foreign direct investment (FDI) in defence through the approval route, 100% FDI in food product e-commerce, 100% FDI in greenfield pharma via the automatic route, 100% in brownfield pharma of which 74% will be through automatic route, 100% FDI in scheduled airlines, and up to 49% FDI in airlines through automatic route.

MoU signed between IWAI and IPGPL

A Memorandum of Understanding (MoU) has been signed between Inland Waterways Authority of India (IWAI) and India Ports Global Private Ltd (IPGPL) for implementation of works like container handling facilities at Sittwe & Paletwa in Myanmar, operation & maintenance of the completed works and wrecks removal in Sittwe Port basin area. The project is estimated to cost USD 72 million.

Government approves USD 344 million highway project in Karnataka

Government approved a USD 344 million for development of four-laning of Hubli-Hospet Section of NH-63 in Karnataka. The project pertains to widening of the 144 km stretch. It will be developed under Engineering, Procurement and Construction (EPC) basis. The project will help in expediting the improvement of infrastructure in Karnataka and in reducing the time and cost of travel for traffic.

INDUSTRY WATCH

- **Jewellery exports rise 25% in April-May**
- **Fuel consumption grows 6.7% in May**
- **Securitisation volume grows 60%**
- **Tea export tops 230 million kg**
- **Indian auto component industry grows by 8.8% in FY16**

Jewellery exports rise 25% in April-May

Jewellery exports have risen 25.6% in dollar terms (USD 5,789 million) and 32.4% in rupee terms in April and May. The highest demand for Indian jewellery was from America, 38% of global luxury demand, with jewellers' preparations for the annual exhibition in Las Vegas, the world's largest such event. Jewellery constitutes around 13 per cent of India's merchandise export.

Fuel consumption grows 6.7% in May

India's fuel consumption has grown 6.7% in May over that a year ago, reflecting greater use of cars and increased air traffic in an expanding economy, increasing import of crude oil dependence to 81.9% from 81.3%. Aviation turbine fuel consumption has grown 20% as lower prices and holiday travels boosted air traffic.

Securitisation volume grows 60%

Securitisation transactions in India have grown to 60% over the previous year reaching eight years high to USD 10.6 billion in 2015-16. Direct assignments or direct sale of loans by originators, who are mostly Non-Banking Finance Companies (NBFCs), to banks performed well from last fiscal, even as transaction volume in pass-through certificates also increased.

Tea export tops 230 million kg

India exported 232.92 million kg of tea, valued at USD 680 million, in 2015-16, crossing the 230-million kg mark after 35 years. In quantity terms, the shipment was 17% higher than a year ago, while in value terms; it was an increase of 17.5% to USD 101 million. The increase was mainly on account of higher quantities bought by Russia, Iran, Germany, Pakistan, Bangladesh, UAE and Poland.

Indian auto component industry grows by 8.8% in FY16

The domestic auto component industry grew by 8.8% to USD 39 billion in the last financial year. Imports have grown at a faster pace by 9.3% to USD 13.8 billion. Investments in the auto component sector during 2014-15 stood at around USD 440 to 660 million. The industry is expected to grow in early double digits on back of recovery in vehicles sales in the ongoing financial year.

CORPORATE HIGHLIGHTS

- **TPG buys ICICI Home Finance for USD 340 million**
- **Force Motors opens engine plant for Mercedes**
- **PrettySecrets raises USD 6 million from RB Investments**
- **Denmark's FLSmidth in pact with L&T for building cement plant in Chennai**
- **MBD Group forms 51:49 JV with Germany's Steigenberger**

TPG buys ICICI Home Finance for USD 340 million

US based private equity firm TPG has entered into an agreement to buy ICICI Home Finance Company for USD 340 million. TPG has invested USD 1 billion in India so far. In India, it has invested in companies like Janalakshmi Finance and Shriram Capital.

Force Motors opens engine plant for Mercedes

Force Motors has inaugurated its USD 15 million green field engines and axle manufacturing plant to be supplied to Mercedes-Benz, India's biggest luxury car maker. The new plant has a current annual capacity of 20,000 engines and 20,000 front and rear axle, which can be further enhanced as per requirements.

PrettySecrets raises USD 6 million from RB Investments

Online lingerie retailer PrettySecrets.com has raised USD 6 million in its latest round of fund-raising. Singapore-based venture capital fund RB Investments Pte. Ltd is leading the latest round of fund raising. PrettySecrets is looking to spend the funds on adding new products and categories to its platform, improving its supply chain and for marketing campaigns.

Denmark's FLSmidth in pact with L&T for building cement plant in Chennai

FLSmidth & Co. will supply technology and equipment for a 3,000-tonne cement plant that will be built by Larsen & Toubro (L&T) in Tamil Nadu. The plant is being built for Tamil Nadu Cement Corp. Ltd (TANCEM), a wholly owned undertaking of the Tamil Nadu government, with whom L&T has an EPC (engineering, procurement and construction) contract.

MBD Group forms 51:49 JV with Germany's Steigenberger

MBD Group, which runs 5-star properties Radisson Hotels in Noida and Ludhiana, has entered into a Joint Venture (JV) with Germany's Steigenberger Hotels in India in a 51:49 ratio. The company will build five luxury Hotels under the JV and manage another 15 by 2030. The two partners plan to run 20 luxury hotels in the next 15 years.