



MARKET MOVEMENT

Major Indices	October 21, 2016	October 28, 2016	% Change	Change
BSE Sensex	28,077.18	27,941.51	(0.48)	
NSE Nifty	8,693.05	8638.00	(0.63)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- FIPB clears seven FDI proposals worth USD 15 million
- India signs loan agreement with World Bank for Eastern Freight Corridor
- India, New Zealand agree to amend tax treaty, boost trade
- Cabinet clears sale of 20 PSUs
- Nabard sanctions USD 3 billion for 50 irrigation projects

FIPB clears seven FDI proposals worth USD 15 million

Foreign Investment Promotion Board (FIPB) has cleared seven proposals. These proposals envisage a foreign investment of USD 15 million. The proposals of Oxford University Press, Dr Reddy's Laboratories, BMJ Group India, Crest Premedia Solutions, Fans Asia, Flag Telecom Singapore Pte, and Barracuda Camouflage were approved by the board.

India signs loan agreement with World Bank for Eastern Freight Corridor

Government of India has signed an agreement for a USD 650 million loan from the World Bank towards the third tranche for construction of the Eastern Dedicated Freight Corridor (EDFC) designed for faster movement of goods between northern and eastern parts of India. EDFC is 1,840 km long and extends from Ludhiana in Punjab to Kolkata in West Bengal as a series of projects with three sections.

India, New Zealand agree to amend tax treaty, boost trade

India and New Zealand have decided to amend the bilateral tax treaty and expressed their commitment to work towards a comprehensive free trade agreement with a view to boost economic ties. The two countries have also agreed to amend the bilateral Double Taxation Agreement to bring its tax cooperation provisions into line with international best-practice. India has been revising double taxation avoidance pacts with countries with a view to check tax evasion and brings them in line with OECD norms.

Cabinet clears sale of 20 PSUs

The Union Cabinet has given its in-principle approval to Niti Aayog's proposal for strategic sale in about 20 public sector undertakings (PSUs). These also include PSUs that are making profits. The purpose of the sale is to garner resources for sustaining the momentum of government's spending in the current and next year. The government would reduce its stake in profit-making BEML from the present 54% to 28%, while it will fully exit Scooters India, Pawan Hans, Hindustan Newsprint, Ferro Scrap Nigam, Bridge & Roof Company India, Projects & Development India, Central Electronics and Hindustan Prefabs.

Nabard sanctions USD 3 billion for 50 irrigation projects

National Bank for Agriculture and Rural Development (Nabard) has sanctioned nearly USD 3 billion loan to National Water Development Agency (NWDA) for 50 irrigation projects. The loan is sanctioned under Long Term Irrigation Fund (LTIF). This would help create additional irrigation potential of 3.9 million hectares under these projects in 11 states.

INDUSTRY WATCH

- **RBI allows 100% FDI in regulated financial services**
- **NMDC signs MoU with MP government for minerals exploration**
- **Telephone companies pay over USD 4.9 billion to government for spectrum purchase**
- **Power Grid board approves investments of USD 179 million**
- **Housing sales grow 12% in July-Sep to 54,721 units in 9 cities**

RBI allows 100% FDI in regulated financial services

Reserve Bank of India (RBI) has allowed 100% foreign investment through the automatic route to the regulated financial services companies other than banks or insurance companies, and simplified rules for easier entry of venture capital funds to startup ventures. It has also eased external commercial borrowing regulations.

NMDC signs MoU with MP government for minerals exploration

NMDC Limited has entered into a three way MoU with Directorate of Geology & Mines, Madhya Pradesh through Mineral Resource Department (MRD) and Madhya Pradesh State Mining Corporation Limited (MPSMCL) for exploration of various minerals in the state. The move is in line with NMDCs strategy to evolve as a multi-faceted company. To further strengthen its skillset in exploration of different minerals, NMDC recently tied up with Department of Space for Remote Sensing & Geographic Information Systems (GIS) studies using geospatial techniques.

Telephone companies pay over USD 4.9 billion to government for spectrum purchase

Government has received over USD 4.9 billion in upfront payments for telecom spectrum that was sold in the recently-held auction with five operators USD 3.02 billion. Vodafone and Tata Teleservices had made payments of USD 1.53 billion and USD 349 million, respectively. The operators were required to pay 50% of the bid amount upfront for spectrum bought in 1800 Mhz, 2100 Mhz, 2300 Mhz, and 2500 Mhz bands, and 25% of the bid amount in the case of spectrum in bands up to 1Ghz.

Power Grid board approves investments of USD 179 million

Power Grid Corp has approved proposals to invest USD 179 million in power transmission projects across the country. The Board has approved the proposal ‘Augmentation of Transformation Capacity in Southern Region’ at an estimated cost of USD 25 million, with commissioning schedule of 30 months from the date of approval. It also approved investment for ‘Sub-station works associated with strengthening of transmission system beyond Vemagiri’ at an estimated cost of USD 92 million.

Housing sales grow 12% in July-Sep to 54,721 units in 9 cities

Housing sales gained traction and grew by 12% during July-September to 54,721 units in nine major cities as against the year-ago period. The increased focus of developers on execution and new launches mostly happening with prior approvals are expected to bring fence-sitters into the market.

CORPORATE HIGHLIGHTS

- **Dr Reddy's announces collaboration with Gland Pharma for US market**
- **KredX raises USD 6.25 million from Sequoia India, Prime Venture Partners**
- **Arvind sells 10% in retail arm for USD 112 million**
- **Suzlon forms JV with Ostro Energy for 50-mw solar project**
- **TPREL inks pact with SECI for 100 MW solar project in Andhra Pradesh**

Dr Reddy's announces collaboration with Gland Pharma for US market

Dr Reddy's Laboratories has announced that it has entered into a strategic collaboration with Hyderabad-based **Gland Pharma** to market and distribute a diverse portfolio of eight injectable Abbreviated New Drug Applications (ANDAs), or alternatively called as generic drug approvals. The portfolio is a mix of filed ANDAs and pending approval by the US Food and Drug Administration (USFDA) and ANDAs that will be filed imminently, and comprised of generic injectables administered in hospitals and clinics in the US.

KredX raises USD 6.25 million from Sequoia India, Prime Venture Partners

KredX, run by **Minions Ventures Pvt. Ltd**, a start-up that helps small businesses raise working capital by connecting them to individual investors, has secured USD 6.25 million in a series A funding round led by Sequoia India, with participation from its existing investor Prime Venture Partners. The capital would be utilised to strengthen technology, data and sales functions within the country. KredX helps businesses meet their short-term working capital needs by discounting their unpaid invoices (raised against blue-chip companies) to a network of buyers/financiers, including banks, non-financial banking companies, wealth managers and retail investors.

Arvind sells 10% in retail arm for USD 112 million

Textile firm Arvind Ltd has split its brands and retail division into a separate company to sell 10% stake in the new entity to Multiples Alternate Asset Management for USD 112 million. The new firm with an enterprise value of about USD 1.21 billion will house more than two dozen in-house and global franchisee brands such as Gap and US Polo along with joint ventures with Calvin Klien and Tommy Hilfiger.

Suzlon forms JV with Ostro Energy for 50-mw solar project

Suzlon group announced that it has entered into a Joint Venture (JV) with **Ostro Energy** for development and construction of a 50-mw solar project in Telangana. According to the contract, Ostro Energy shall acquire 49% stake in Prathamesh Solarfarms, a special purpose vehicle (SPV) set up by Suzlon to execute this project. Ostro Energy has the option to acquire the balance 51% in future in accordance with relevant rules and regulations.

TPREL inks pact with SECI for 100 MW solar project in Andhra Pradesh

Tata Power Renewable Energy Ltd (TPREL) has signed **Power Purchase Agreement (PPA)** with **Solar Corp of India** for a 100 MW solar project at Anantapuram solar park in Andhra Pradesh. The project has been secured through bidding in the open category under the Jawaharlal Nehru National Solar Mission (JNNSM). With the signing of this PPA with SECI (Solar Corp of India), TPREL has further consolidated its position as country's largest renewable energy company.