



January, 2010

Issue: 1 Vol: 25

Confederation of Indian Industry-
Northern Region

ECONOMY AND POLICY UPDATE

Economic & Policy Update is a monthly review, presenting the macro economic developments, industry trends, up-to-date news and an analytical view of policies and notifications, issued by the northern states.

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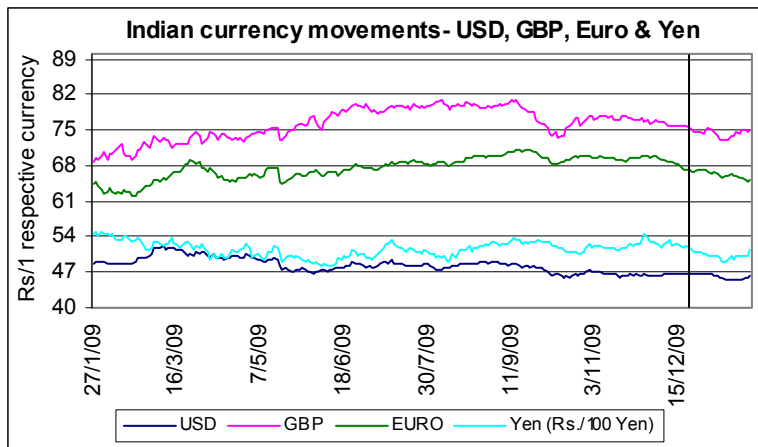
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SECTION I: MONTHLY UPDATE OF MACRO-ECONOMIC DEVELOPMENTS

(Dec 25, 2009 - Jan 24, 2010)

Indian Rupee strengthen against US Dollar

During the period Dec 25, 2009-Jan 24, 2010, the Indian Rupee witnessed a relatively positive trend against most of the major currencies, especially the US Dollar. It registered a 8-day gaining streak from Dec 31, 2009 to Jan 11, 2010 against the US Dollar. This was largely due to the US Dollar's losses against other Asian currencies and increased capital inflows by funds into domestic equity markets. Fresh selling by exporters and banks further fuelled the currency's upward journey. However, in the later

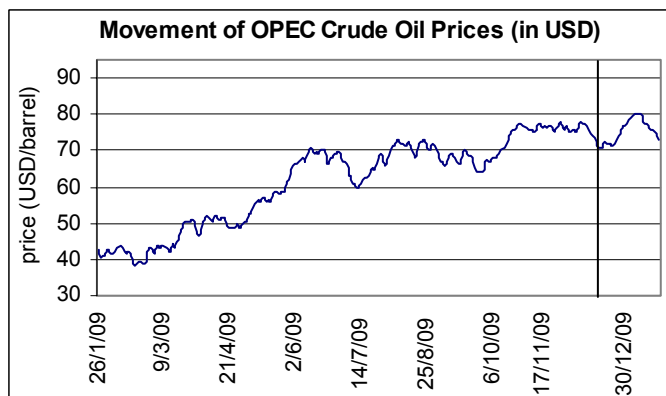


Source: RBI and Cygnus Research

part of the period under consideration, the value of Indian Rupee depreciated against US Dollar following weakness in stock markets amid strengthening of US Dollar against major world currencies. The Indian Rupee appreciated 1.11% during the period to reach 46.17 per US Dollar on Jan 22, 2010. The Indian currency registered highest appreciation of 2.74% against Euro during the period. However, the Indian Rupee depreciated against British Pound and Japanese Yen by 0.27% and 0.69% respectively during the period.

Oil price record mixed trend

The crude oil price of OPEC Reference Basket (ORB) recorded a mixed trend during the period Dec 28, 2009-Jan 22, 2010. Oil prices oscillated within a wide range of USD73 and USD81 per barrel during the four weeks. During the first half of the period, OPEC oil prices kept increasing constantly to reach USD80.29 per barrel on Jan 11, 2010. The rise in oil prices was largely based on positive economic sentiments and colder weather in the Northern Hemisphere. However, from Jan 12,



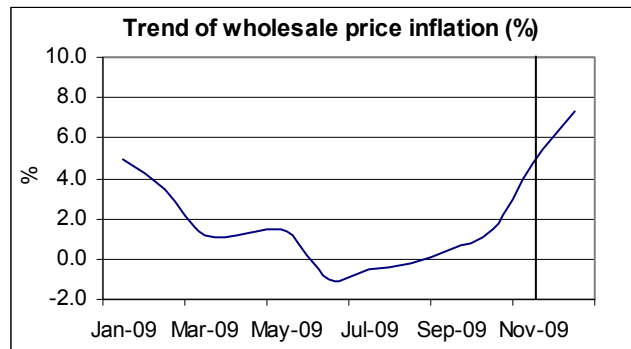
Source: OPEC and Cygnus Research

2010 onwards oil prices started decreasing, which continued till Jan 22, 2010. This was largely due to weaker demand in high energy-consuming nations such as the US and China. Oil demand in these countries declined on back of economic concerns, milder weather and inventory builds. Between Dec 28, 2009 and Jan 22, 2010, the crude oil prices declined by 2.42% to reach USD73.02 per barrel on Jan 22, 2010.

Inflation rises on surging food prices

The average wholesale price inflation for the month of December 2009 increased to 7.31% as against 4.78% during the previous month. CPI (Consumer Price Index) inflation increased to 14.97% in December compared to 13.51% in November. The rise in WPI inflation was largely fuelled by primary articles, where as fuel, power, light & lubricants and manufactured products prices stood moderate in the market. India's weakest monsoon in four decades increased food prices by 19.2% in December. Cost of

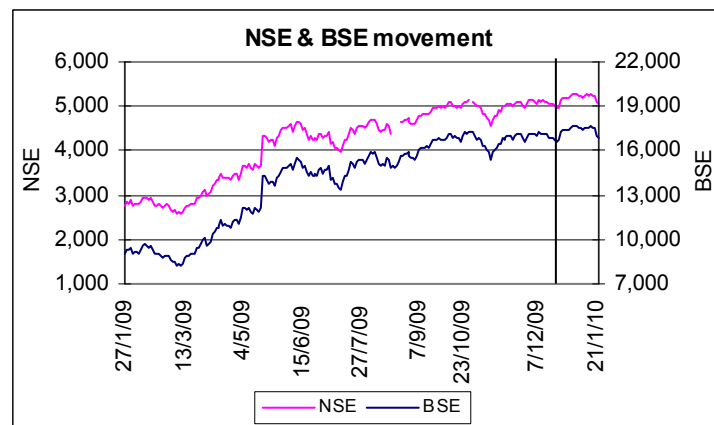
essentials like cereals, rice, wheat, pulses and vegetables registered double-digit increases. The average inflation rate for commodities under the 'primary articles' group stood at 14.88% in December against 11.84% during the previous month. Within the primary articles group, inflation rate for food articles was recorded at 19.17% in December against 16.71% in November, while inflation rate for non-food articles stood at 7.73% in December against 1.87% during the previous month. The average inflation rate for minerals stood at -4.44% during December as against -2.26% in the previous month. The inflation rate for the "fuel, power, light & lubricants" group, stood at 4.29% during December as against -0.89% in the previous month. The inflation rate for manufactured products stood at 5.17% during December as against 3.99% in the previous month.



Source: MOSPI and Cygnus Research

Nifty & Sensex record fluctuating trend

The Indian stock market witnessed a fluctuating trend from Dec 29, 2009 to Jan 22, 2010. Positive sentiments in Asian markets and consequent sustained buying by foreign funds led to a rise in Nifty and Sensex during the first week of the period. However, in the following week, both Nifty and Sensex tumbled on back of heavy selling by investors looking to book profit after recent gains. This decline was further fuelled by decline in IT and banking stocks. During Jan 13, 2010-Jan 18, 2010, Nifty and Sensex put up a good



Source: NSE, BSE and Cygnus Research

performance amid strong global cues. Again, from Jan 19, 2010 onwards, the Indian stock market started its downward trend, which continued till Jan 22, 2010. On 21 Jan, 2010, both Nifty and Sensex registered the biggest single-session loss of the period. This was largely due to the continued selling by FIIs. The Chinese government's decision to curb lending to cool down an overheated economy also affected market sentiments, especially among the foreign funds. While, the Nifty declined by 2.9% during Dec 29, 2009-Jan 22, 2010, Sensex dropped by more than 3.1% during the same period.

Leading Indicators

Important Economic Indicators			
GDP Growth (%) at factor cost (1999-2000 Prices)	6.1 (April-June, 2009)		7.8 (April-June, 2008)
	7.9 (Jul-Sep, 2009)		7.7 (Jul-Sep, 2008)
	Half Year (April- September 2009)		
	7.0		7.8
	% Change		
	November 2009 over November 2008	November 2009 over October 2009	November 2008 over November 2007
IIP Growth*	11.7	3.0	2.5
Mining	10.0	1.0	0.7
Manufacturing	12.7	4.3	2.7
Electricity	3.3	-7.6	2.6
	December 2009 over December 2008	December 2009 over November 2009	December 2008 over December 2007
Six Core Industries Growth	6.0	4.3	0.7
Coal	2.5	8.4	11.2
Electricity Generation	5.4	5.2	1.5
Crude Petroleum	1.1	4.0	-0.3
Petroleum Products	0.9	1.0	3.0
Finished Steel	9.6	0.2	-8.0
Cement	11.0	11.9	11.6
International Trade			
Exports (USD billion)	14.6 (Dec 09) ^β - 9.3% growth over corresponding period of 2008-09		13.4 (Dec 08) [#] - 17.1% decline over same period of 2007-08
Imports (USD billion)	24.7 (Dec 09) ^β - 27.2% growth over corresponding period of 2008-09		19.4 (Dec 08) [#] 10.0% growth over same period of 2007-08
Credit Indicators			
Prime Lending Rate (%)	11.00-12.00 (Nov 20, 2009)	11.00-12.00 (Oct 23, 2009)	13.00-13.50 (Nov 21, 2008)
Non-Food Credit (Rs. billion)	28,751 (Dec 25, 2009)	28,496 (Nov 20, 2009)	25,909 (Dec 26, 2008)
Advanced/Leading Industries Trend			
Railway Freight (million tonnes)	78.0 (Dec 09) - 8.2% growth over corresponding period of 2008-09		72.1 (Dec 08) - 2.9% growth over corresponding period of 2007-08
Automobiles Sales (million units)	1.0 (Dec 09) - 66.7% growth over corresponding period of 2008-09		0.6 (Dec 08) - 18.3% decline over corresponding period of 2007-08
Domestic Aircraft Passengers (millions)	4.5 (Dec 09) - 36.4% growth over corresponding period of 2008-09		3.3 (Dec 08) - 17.2% decline over corresponding period of 2007-08
New Telecom Subscription (million connections)	19.0 (Dec 09) - 77.7% growth over corresponding period of 2008-09		10.7 (Dec 08) - 32.1% growth over corresponding period of 2007-08
<i>Source: RBI, MOSPI, PIB, Ministry of Finance and Cygnus Research</i>			
<i>Note: * Latest available data is up to Nov 2009; ^β Provisional figures ; [#] Revised figures</i>			

SECTION II: INDUSTRY SALES TREND

INDUSTRY SALES TREND-REGION WISE

Region	Y-on-Y (%) Q3 FY 10
North	Up 17.1
South	Up 19.5
East	Up 16.7
West	Up 21.0
<i>Source: CMIE –Prowess</i> <i>Note: Industry sales trends are based on reported sales figures of listed companies</i> <i>Industries include Financial Services, Manufacturing, Irrigation, Mining Electricity, Non-Financial Services, Construction and Others</i>	

SALES TREND OF MAJOR INDUSTRIES IN NORTHERN REGION

Industry	Y-on-Y (%) Q3 FY 10	
	Overall India	Northern Region *
Manufacturing Sector		
Agro and Food Processing Industry	Up 13.7	Up 6.9
Pharmaceuticals	Up 15.1	Up 11.9
Textile	Up 5.7	Up 7.5
Sugar	Up 11.2	Up 14.8
Auto and Auto Components	Up 1.1	Up 10.0
Consumer Durables	Up 2.4	Up 0.4
Metals and Minerals	Up 12.0	Up 9.0
Leather and Leather Products	Up 14.3	Up 13.8
Services Sector		
IT & ITES	Up 23.5	Up 5.8
Hotel & Tourism	Down 3.7	Up 2.2
<i>Source: CMIE –Prowess</i> <i>Note: Industry sales trends are based on reported sales figures of listed companies</i> <i>Note: Northern region consists of Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand</i> <i>NA- Not Available</i>		

SECTION III: INVESTMENT SCENARIO

Foreign Direct Investments

FDI equity inflows in USD Million into Northern States					
Region	Nov, 2009	Oct, 2009	Nov, 2008	% growth of Nov, 2009 over Oct, 2009	% growth of Nov, 2009 over Nov, 2008
Delhi, parts of UP & Haryana	505	533	0	-5.3	NA
Chandigarh, Punjab, HP, Haryana	26	11	0	136.4	NA
Rajasthan	0	0	2	NA	-100.0
UP & Uttarakhand	0	0	0	NA	NA

Source: DIPP and Cygnus Research
Note: NA- Not Applicable; Regions are as per RBI classification

Domestic Investments - Industrial Entrepreneur Memorandum (IEM)

State-wise IEMs proposed in October 2009						
State	No of IEMs			Investment in Rs Million		
	Oct, 2009	Oct, 2008	% change	Oct, 2009	Oct, 2008	% change
Chandigarh	0	0	NA	0	0	NA
Delhi	2	2	0.0	80	50	60.0
Haryana	6	6	0.0	640	2740	-76.6
Himachal Pradesh	3	0	NA	1180	0	NA
J&K	2	2	0.0	1770	90	1866.7
Punjab	6	2	200.0	1490	330	351.5
Rajasthan	10	7	42.9	48210	1960	2359.7
Uttar Pradesh	12	11	9.1	2380	4410	-46.0
Uttarakhand	7	6	16.7	1480	3050	-51.5

Source: DIPP and Cygnus Research
Note: NA- Not Applicable; Regions are as per RBI classification

State-wise IEMs implemented in October 2009						
State	No of IEMs			Investment in Rs Million		
	Oct, 2009	Oct, 2008	% change	Oct, 2009	Oct, 2008	% change
Chandigarh	0	0	NA	0	0	NA
Delhi	0	0	NA	0	0	NA
Haryana	1	0	NA	170	0	NA
Himachal Pradesh	0	0	NA	0	0	-100.0
J&K	1	0	NA	340	0	NA
Punjab	2	1	100.0	0	0	NA
Rajasthan	1	4	-75.0	0	50	NA
Uttar Pradesh	3	1	200.0	620	0	NA
Uttarakhand	5	2	150.0	210	0	NA

Source: DIPP and Cygnus Research
Note: NA- Not Applicable; Regions are as per RBI classification

SECTION IV- IN FOCUS

Impact of Economic Recession on M&A Activities

Introduction

Until the recent economic recession, merger and acquisition (M&A) activities were in full swing across the globe. Multi National Companies (MNCs) in both developed and developing economies were looking to mergers and acquisitions as a means to rapidly tap into new markets. The ever growing economic power of India led to an exponential increase in M&A involving Indian companies. Such activities were earlier confined to the domestic sphere or to foreign investments on Indian soil. In past few years the paradigm shifted and Indian companies were participating as active and visible players in the outbound, cross-border M&A game. However, the economic slowdown that started in the later part of 2008 led to a decline in all such M&A activities. Now that, things are getting back to normalcy, Indian companies are again charged up to take on the world.

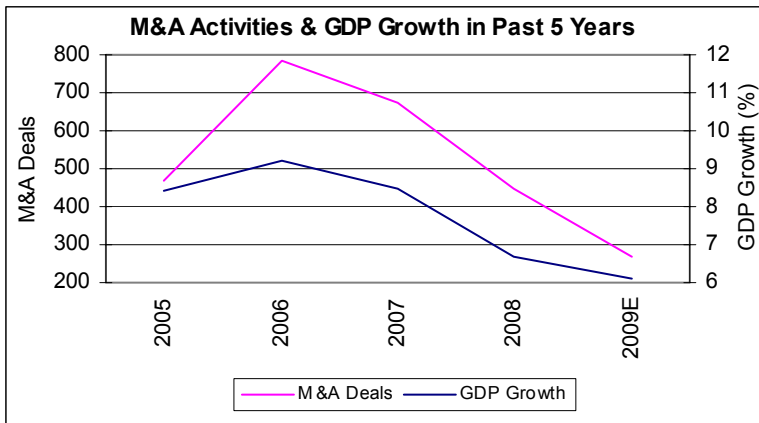
Global Perspective

The year 2009 was another difficult year for those involved in merger and acquisition activities as global deal value rescinded at a faster rate than volume. Merger and acquisition activities globally declined by 15% in 2009 with deals worth USD3.6 trillion being announced during the year as against USD4.2 trillion in 2008. The decline was less in volume terms as the number of deals during the year dipped by only 2% to clock 64,981 deals compared to 66,472 in 2008. There is still a doubt among companies about the possibility of early recovery. There is a consideration that maybe the signs of early recovery are a mere illusion which in turn will affect the M&A scenario.

M&A activities were dismal during the first three quarters of 2009, but picked up speed during the last quarter and went into high gear during the first month of 2010. Globally, Western Europe saw the largest annual decline in M&A value with a 25% drop to USD1 trillion. Also, volumes in the region remained down by 5% to 18,386 deals. North America saw a decline of 19% in value terms in merger and acquisition to USD1 trillion. Meanwhile, Asia-Pacific was the only region which witnessed a year-on-year growth in M&A value. During 2009, APAC region witnessed M&A deals worth USD924 billion, an increase of 14% over the year-ago period.

Indian Scenario

The uncertainty in global financial markets seems to have dented the M&A transactions in India. As expected, M&A activity by and large remained subdued in the year 2009. Several M&A deals were put on hold due to price mismatch. With the corporate world facing a liquidity crunch in the wake of the global financial crisis, M&A activities involving Indian companies slumped to 267 deals worth just over USD10 billion in 2009. This is about 40% less than the number of M&A deals concluded in the previous year, making it the lowest year to date level since 2004. Comparatively there had been 445 M&A deals worth about USD30 billion in the year 2008.



Source:: Business Line & Cygnus Research

In India, there is direct correlation between the number of M&A deals and the GDP growth of the country. Since the last couple of years, the country has been witnessing a decline in both GDP growth and mergers and acquisitions activities. However, in the past few months, the Indian economy has picked up as government spending helped to overcome the worst of the global downturn. Since the market conditions are getting better with economy coming back on track, there is a positive outlook towards the M&A in coming times.

Regulatory Atmosphere

Mergers and acquisitions are regulated under various laws in India. The objective of the laws is to make these deals transparent and protect the interest of all shareholders. They are regulated through the provisions of:

The Companies Act, 1956

- Permission for merger: Two or more companies can amalgamate only when the amalgamation is permitted under their memorandum of association. Also, the acquiring company should have the permission in its object clause to carry on the business of the acquired company.
- Information to the stock exchange: The acquiring and the acquired companies should inform the stock exchanges (where they are listed) about the merger.
- Approval of board of directors: The board of directors of the individual companies should approve the draft proposal for amalgamation and authorise the managements of the companies to further pursue the proposal.
- Application in the High Court: An application for approving the draft amalgamation proposal duly approved by the board of directors of the individual companies should be made to the High Court.
- Shareholders' and creditors' meetings: The individual companies should hold separate meetings of their shareholders and creditors for approving the amalgamation scheme. At least, 75 percent of shareholders and creditors in separate meeting, voting in person or by proxy, must accord their approval to the scheme.
- Sanction by the High Court: After the approval of the shareholders and creditors, on the petitions of the companies, the High Court will pass an order, sanctioning the amalgamation scheme after it is satisfied that the scheme is fair and reasonable. The date of the court's hearing will be published in two newspapers, and also, the regional director of the Company Law Board will be intimated.
- Filing of the Court order: After the Court order, its certified true copies will be filed with the Registrar of Companies.
- Transfer of assets and liabilities: The assets and liabilities of the acquired company will be transferred to the acquiring company in accordance with the approved scheme, with effect from the specified date.
- Payment by cash or securities: As per the proposal, the acquiring company will exchange shares and debentures and/or cash for the shares and debentures of the acquired company. These securities will be listed on the stock exchange.

The Competition Act, 2002

The Act regulates the various forms of business combinations through Competition Commission of India. Under the Act, no person or enterprise shall enter into a combination, in the form of an acquisition, merger or amalgamation, which causes or is likely to cause an appreciable adverse effect on competition in the relevant market and such a combination shall be void. Enterprises intending to enter into a combination may give notice to the Commission, but this notification is voluntary. But, all combinations do not call for scrutiny unless the resulting combination exceeds the threshold limits in terms of assets or turnover as specified by the Competition Commission of India.

Other Regulations

Other regulations are provided in 'The Foreign Exchange Management Act, 1999' and the Income Tax Act, 1961. Besides, the Securities and Exchange Board of India (SEBI) has issued guidelines to regulate mergers and acquisitions. The SEBI (Substantial Acquisition of Shares and Take-overs) Regulations, 1997 and its subsequent amendments aim at making the take-over process transparent, and also protect the interests of minority shareholders.

SWOT Analysis of Indian companies in respect to M & A

Strengths & Opportunities

- **Liquidity:** The average cash Indian firms are holding currently is 43% of their capital, against 16% held by their US and Europe counterparts. Also, the debt levels at Indian firms are 60% of equity, against 250% at western companies. As a result, Indian companies have a competitive advantage in bidding against their western counterparts.
- **Policy & Regulation:** Government restrictions on foreign direct investment in certain sectors have further fuelled the trend towards outbound, versus inbound, Indian M&A. Indian companies have also benefited from an Indian regulatory regime that has gradually relaxed controls on the outbound flow of capital.
- **Bilateral Relationship:** Indian bilateral relationships with countries are getting better since the past few years. India's relationships with countries like US, Australia and France among others have improved to a large extent. This betterment of bilateral relationships offers better opportunities for the Indian firms for the outbound M&A.
- **Sovereign Wealth Funds (SWF):** SWF is emerging as a significant force in global capital markets. Although India does not currently have a SWF, if India does establish such a fund as expected, out-bound Indian M&A activity could increase significantly.

Threats & Weaknesses

- **Nationalisation:** In order to bail out the troubled institutions & companies, the developed nations are following the policy of nationalization. This policy would decrease outbound M&A opportunities for Indian companies. Anti-outsourcing policies adopted by these countries are also a major threat to the future of M&A activities across the globe.
- **Fiscal deficit:** At the peak of economic recession, governments across the globe borrowed heavily from the market or other sources leading to a rise in their fiscal deficit. India's fiscal deficit is among the highest in the world and likely to be 10.3% of GDP in the current fiscal. This can hinder the M&A growth as a result of tighter government policies in future to decrease the deficit, leading the companies with lesser cash.
- **Inflation:** With governments announcing bailouts for their respective economies, huge amount of cash has flooded the market. Now, as the demand picks up, money in the market tends to up prices spontaneously, causing high rates of inflation. High inflation rates in turn cause difficulty in M&A activities due to decrease in credit availability in the market.

Conclusion

Though, global economic crisis has brought down the Indian M&A activity to its lowest level in recent times, the country has benefited due to the reversal of direction of deal flow from inbound to outbound. While M&A activity showed signs of resilience in the year 2009, the overall conditions improved in the fourth quarter, and companies increasingly found attractive deals and the means to complete them. There are several opportunities and picks available in the global market for the

outbound deals. There is a general optimism among Indian companies as they believe that the recent economic slowdown may have opened up more opportunities to invest in, as valuations are much more attractive than they were earlier. Several industrial and service sectors in the country show tremendous potential for future growth and M&A activities. The Indian merger and acquisition scene is expected to see good momentum in 2010 as large corporate buyers are likely to return to the market.

SECTION V: POLICY, INVESTMENT AND NOTIFICATION TRACKER

CHANDIGARH

POLICY TRACKER

News

British Columbia office to come up in UT (Source: Tribune News Service, Date: 19/1/2010)

British Columbia (BC), a province in Canada, announced plans to establish office in Chandigarh, Bangalore and Mumbai for coordination on trade, industrial and agriculture-related issues with Punjab, Karnataka, Maharashtra and other states. The BC Government office will also handle the task of taking skilled labour to Canada through proper channels under the provincial nominee programme. As youth having skills to perform various tasks will be going to BC through proper channels, it will end their exploitation by travel agents and those engaged in human smuggling. Moreover, there will also not be any exploitation in Canada because those hiring the skilled manpower will have to make full payment.

CHANDIGARH

INVESTMENT TRACKER

News

Work begins on Chandigarh International Airport (Source: Indian Express, Date: 21/1/2010)

The first phase of construction of the Chandigarh International Airport in Mohali has begun recently. The memorandum of understanding (MoU) was signed between the Greater Mohali Area Development Authority (GMADA), the Airports Authority of India (AAI) and the Haryana government on January 4, 2008. The first phase has a budget of Rs30 million and deadline of six to eight months. Major work will include constructing a boundary wall around the entire area. In September 2008, the Greater Mohali Area Development Authority (GMADA) had handed over 305 acres 7 kanals 17 marlas of land to the AAI for the purpose.

DELHI

POLICY TRACKER

Delhi Govt. comes out with new industrial policy (Source: The Hindu, Date: 6/1/2010)

The Delhi government unveiled a new industrial policy that covers all aspects of industrial development in the National Capital. The revised policy comes more than two decades after the first one was published. The new policy envisages development of hi-tech, sophisticated knowledge-based service sector and IT and ITES type of industries in Delhi. The new policy aims at developing Delhi as a hub for clean, high-technology and skilled economic activities by 2021 by adhering to the principles of infrastructure development, de-congestion and simplifying business.

News

BRPL signs power purchase deal with TOWMCL (Source: Financial Express, Date: 21/1/2010)

BSES Rajdhani Power Ltd. (BRPL) signed a 25-year power purchase agreement with Timarpur-Okhla Waste Management Co. Pvt. Ltd. (TOWMCL). As per the terms of agreement, BRPL will buy half of the power generated by the 16-mw, municipal solid waste-based, new power plant being set up in Delhi; BRPL wants to diversify its power supply mix toward renewable energy sources. BRPL will procure power at a Delhi Electricity Regulatory Commission- approved tariff rate, determined by a competitive bidding process.

BSES to procure power from ACME (Source: Financial Express, Date: 15/1/2010)

BSES subsidiaries—BSES Rajdhani Power Ltd. (BRPL) and BSES Yamuna Power Limited (BYPL)—will each procure 25 mw of solar power from ACME Jaisalmer Solar Pvt. Ltd. under a long-term contract. The two companies separately signed a 25 year—memorandum of understanding (MoU) with the solar power generator. The ACME Group is setting up 3 solar power plants at Jaisalmer, Bikaner and Jodhpur, with 50 mw capacity each. It is using next generation Solar Thermal Technology at these projects. BRPL and BYPL will together procure the entire 50 mw from the group's Rs.7.50 billion Jaisalmer project.

DELHI

INVESTMENT TRACKER

News

New Delhi & Tokyo signs DMIC pacts (Source: Economic Times, Date: 28/12/2009)

As part of the Rs3,600 billion Delhi Industrial Corridor project, New Delhi and Tokyo signed two pacts, including collaboration in developing eco-cities around the project. The DMIC is conceptualised as a global investment and manufacturing destination with emphasis on expanding manufacturing and services base. The DMIC Development Corporation entered into a pact with the Japan External Trade Organisation for collaborating with the environment-related projects and for transfer of Japanese expertise in developing and promoting smart communities eco-cities around the DMIC project area.

IGI goes for dedicated pharma zone (Source: Business Standard, Date: 15/1/2010)

The Delhi International Airport Ltd. announced plans to set up dedicated zones for storing drugs meant for exports and imports in controlled temperature at the Indira Gandhi International Airport. The first of the five proposed pharma zones will be operational at the airport by June 2010. This is the first time in the world that such pharma zones are being set up. At present, drug export and import consignments are stored along with other items, and at temperatures which are not controlled. The dedicated zone will also house officials from the drug controller's office.

HARYANA

POLICY TRACKER

Govt. extends incentives for co-op sugar mill workers (Source: Financial Express, Date: 2/1/2010)

The Haryana state government announced several incentives for workers of co-operative sugar mills. The sugar mills performing well are required to pay their workers bonus equivalent to 45 days of salary. The government has a plan to generate 100 mw of electricity in cooperative sugar mills at an investment of Rs.5 billion. This will not only cater to the needs of sugar mills, but would also ease the power situation in the state. The government was planning to introduce a loan and interest waiver scheme of cooperative banks for landless labourers, rural artisans and petty shopkeepers under which loan and interest amount up to Rs10,000 will be waived off.

Committee to keep an eye on pvt. cos. (Source: Tribune News Service, Date: 14/1/2010)

The Haryana state government has constituted a state-level committee and two district-level committees to ensure that entrepreneurs and private institutions comply with their promise of serving the state's poor. These private players had availed themselves of concessional sites in developed urban estates of Haryana at the time of allotment on the condition that a quota for poor patients and students would be fixed in hospitals and educational institutions, respectively. However, all these private companies seem to have forgotten the promise made in the allotment agreement. The new committee would act as a stringent measure on part of the government that would compel these companies to extend quality education and healthcare to the poor.

News

Wheat acreage decline in Punjab & Haryana (Source: Financial Express, Date: 2/1/2010)

With the rabi sowing season getting almost over, Punjab and Haryana have witnessed a marginal dip in area under cultivation of wheat. Sowing of wheat in Punjab has been completed on 3.52 million hectare this year against 3.53 million hectares last year. Haryana has anticipated 2.45 million hectares under wheat, which will fall short of last year's 2.46 million hectare. Punjab and Haryana have set a target to achieve wheat output of 14.66 million mt and 11.46 million mt, respectively in the coming rabi season. In spite of shortfall in area under wheat, the states are confident of achieving targeted production in the wake of sowing of high yielding wheat seeds varieties by farmers.

HARYANA

INVESTMENT TRACKER

2 floriculture projects to come up in Haryana (Source: Financial Express, Date: 6/1/2010)

The Government of India approved two model floriculture projects under horticulture mission for Haryana. One will be established in Panchkula district and the other in Karnal district. The two projects will cost Rs14 million, each Rs7 million. The Center would bear 85% of the cost and the remaining 15% would be paid by the state government. The objectives of the projects is to demonstrate production practices to farmers under protected cultivation, impart technical training for aspiring entrepreneurs in the field of cut flowers production and marketing, improve the economic status of the farmers and enhance the production of cut flower likes gerbera, carnation, rose, liliun and gladiolus. Each project will comprise of 3,500 sq metres for protected cultivation and 2 acre for open field cultivation.

1st unit of Jhajjar thermal plant to be ready soon (Source: Financial Express, Date: 6/1/2010)

The 1,500 (3X500) mw Indira Gandhi Super Thermal Power Project being set up in Jhajjar is steadily progressing towards completion. The first 500 mw unit of the project is expected to be synchronised before July 2010. Haryana will get 250 mw produced from this unit. The second 500-mw unit is expected to be synchronised during December. The total estimated project cost is Rs78.92 billion and since commencement of construction, an expenditure of about Rs32.77 billion has been incurred on the project. The project is the largest power generating project being set up in Haryana in joint venture between NTPC, HPGCL & Indraprastha Power Generation Corporation Ltd (IPGCL).

2 biogas units to come up in state (Source: Financial Express, Date: 2/1/2010)

Haryana is going to set up biogas plants along with bottling of biogas in cylinders for use in cooking and transport areas besides generating fertiliser. Option Energy India would set up 1,000 cum biogas fertiliser plant at Shri Haryana Goshala, Hansi, and Hisar at a cost of Rs.18.34 million. The plant will have high rate bio-methanation digester fitted with special patented technology called Induced Blanket Reactor (IBR) developed by the Utah State University, USA. Other project for setting up 1,000 cu m biogas fertiliser plant in Sonipat district at a cost of Rs.14.50 million had already been approved by the ministry of new renewable energy for which central financial assistance of Rs7.25 million will be provided. This would be the first plant of its kind to be installed in the country.

Govt. approves electrification of Rohtak-Bhatinda-Lehra section (Source: Financial Express, Date: 22/1/2010)

The Government of India approved electrification of the Rohtak-Bhatinda-Lehra Muhabat stretch at a cost of Rs.2.15 billion. The decision is inline with the anticipated increase in freight and passenger traffic on this section of Northern Railway. The project is expected to be completed over five years period. On completion of electrification, goods traffic can go right up to thermal power plants at Kattar Singh Wala and Lehra Muhabat in Punjab from the rest of the country without any change of locomotives, thus eliminating delays. It will also help decongest the already saturated Delhi-Ambala-Kalka section, enabling movement of freight traffic through the Rohtak-Bhatinda section.

HARYANA

NOTIFICATION TRACKER

EXCISE AND TAXATION DEPARTMENT

No. S. O. 93/P .A. 16119S2IS.10/2009

Date 11.11.2009

ORDER

Whereas the Governor of Haryana is of the opinion that in view of the reciprocal common transport agreement among the Governments of Haryana, Delhi, Rajasthan and Uttar Pradesh executed on the 14th October, 2008 and published vide Haryana Government, Transport Department, notification No. S.O. 119/C.A. 59/1988/S. 88/2008, dated the 16th December, 2008, the owner of Motor Cabs/Taxis/Auto-rickshaws holding non-temporary permits and using clean fuels (CNG) conforming to prevailing EURO norms registered in the National Capital Territory of Delhi, Rajasthan and Uttar Pradesh and plying in Haryana sub-region of National Capital Region should be granted exemption from payment of all taxes to promote public interest;

Now therefore, in exercise of power conferred by section 10 of the Punjab Passengers and Goods Taxation Act, 1952 (Act 16 of 1952), the Governor of Haryana hereby exempts the own r. f above mentioned vehicles covered under the above said notification dated the 16th December, 2008 and plying in the Haryana sub-region of National Capital Region from the operation of the provisions of section 3 of the said Act to the extent of passenger tax on fare.

RAMENDRA JAKHU
Financial Commissioner and Principal
Secretary to Government, Haryana,
Excise and Taxation Department

No. S. O. 93/P .A. 16119S2IS.10/2009

Date 25.08.2009

NOTIFICATION

In exercise of powers conferred by sub-section (1) of section 59 of the Haryana Value Added Tax Act, 2003 (Act 6 of 2003), and with reference to Haryana Government, Excise and Taxation Department, notification No. Web.3/H.A.6/2003/S.59/2009, dated the 4th August, 2009, the Governor of Haryana hereby makes the following amendment in Schedule C appended to the said Act, namely:-

AMENDMENT

In the Haryana Value Added Tax Act, 2003 (Act 6 of 2003), in Schedule C, under columns 1 and 2, after serial number 34 and entry thereagainst, the following serial number and entry thereagainst shall be inserted, namely:-

1	2
34A	Hardware of iron and steel such as aldrops, latches, handles, hinges, door-springs and door-stoppers whether polished, enamelled or plated.

RAMENDRA JAKHU
Financial Commissioner and Principal
Secretary to Government, Haryana,
Excise and Taxation Department

HIMACHAL PRADESH

POLICY TRACKER

Govt. approves renting of space by units outside industrial estates (Source: Financial World, Date: 29/1/2010)

The Himachal state government approved renting built-up industrial space in units that have come up in areas other than existing industrial estates. Most of these units are saddled with extra area which could be used by other smaller units. However, this facility is not available for those units, which had come up on agricultural land after they had obtained permission from the State Cabinet under Section 118 (state land law) to convert land usage for industrial purposes.

Rs.30bn Annual Plan proposed for HP (Source: Indian Express, Date: 28/1/2010)

The Himachal Pradesh State Planning Board approved an annual plan size of Rs.30 billion for the year 2010-11, a hike of Rs 3 billion from the current plan. The social services sector has been accorded the highest allocation of Rs.10.11 billion, which is 33.69% of the total proposed Annual Plan. The government focuses on creating basic infrastructure for education, which had been accorded priority in the last three years of the 11th Five-Year Plan period and would continue in the next two years to make Himachal Pradesh an education hub. For transportation and communication services, Rs.5,89 billion has been proposed for 2010-11 in the plan. For energy sector, a provision of Rs.3.54 billion has been made for 2010-11.

News

Cement plants fall behind schedule (Source: Tribune News Service, Date: 14/1/2010)

All mega cement plants, except one, coming up in the state have fallen well behind schedule due to problems in acquisition of land, opposition from local people and failure on part of promoters in obtaining various mandatory clearances. The only exception is the cement plant being set up at Bagha in Solan by the Jaypee Company which is likely to be commissioned within the current financial year. Five other plants have not made much headway and have fallen behind schedule by more than two years.

HIMACHAL PRADESH

INVESTMENT TRACKER

Jaypee commissions cement plant in state (Source: Business Standard, Date: 14/1/2010)

Jaypee Himachal Cement Grinding & Blending Plant, a part of Jaiprakash Associates Ltd. (JAL), was commissioned at Bagheri near Solan in Himachal Pradesh. Construction of the plant began in the year 2005. The plant, with an annual capacity of about 1.75 million tonne, would support overall development of the region as well as the state. The plant would provide employment to over 500 persons, besides generating indirect employment for the local population. With the commissioning of plant, many ancillary businesses like hotels, repair shops and diesel pumps shall come up in the vicinity to support operation of the plant. This is the first cement unit in Himachal Pradesh in the last more than 10 years and with start of operations of this unit, the prices are expected to come down in the region.

JICA to aid agricultural project in state (Source: Financial World, Date: 11/1/2010)

The Japan International Cooperation Agency (JICA) announced plans to fund a Rs.2.67 billion project for promotion of agriculture in the state of Himachal Pradesh. The project aims to motivate the farmers to opt crop diversification, organic farming and help improve farming facilities, especially irrigation.

News

Poor response delays IT Park bidding (Source: Financial Express, Date: 19/1/2010)

The bidding process of Himachal Pradesh's first IT park proposed to come up near Waknaghat in Solan district has been put on hold due to poor response from developers. One of the major reasons for the poor response was the recent economic crisis. The real estate developers have also asked for a few changes in the request for proposal (RFP). The companies demand for some relaxations in the development norms, milestones and various land laws. With the market bouncing back to normalcy, more developers are expected to evince interest in developing the project. Companies like Mahindra World City, Jaypee Group, AGS Infrastructure, CMC Constructions evinced interest in developing the park. The successful real estate developer will be responsible for designing, developing and managing the proposed IT park cum township. The IT park-cum-township will be developed on public-private-partnership (PPP) basis and spread over 64.7 acre in village Mauja Majhol in Solan district. The estimated investment going into the park will be around Rs.5 billion.

Economic revival boosts tourism sector (Source: Financial Express, Date: 28/12/2009)

The tourism-friendly policies of the state government and the revival of Indian economy have boosted tourism in Himachal Pradesh. There has been around 15% increase in arrival of tourists in winter for Christmas and New Year. There is about 90% occupancy of rooms in the state's 57 hotels. Nearly 50,000 visitors had made to the picturesque hill state last year and figure is expected to rise substantially this year. The rush of tourists continues despite the fact that snowfall has deluded Shimla and other places of the state around this time.

HIMACHAL PRADESH
NOTIFICATION TRACKER

FINANCE DEPARTMENT

No:ET/Estt/177/09

Date 08.01.2010

NOTIFICATION

SRO.- 11- whereas the Government is of the opinion that for the reasons recorded in the sub-joined schedule, it is necessary so to do in the public interest:-

Now, therefore, in exercise of the powers conferred by section 42-A of the Jammu and Kashmir Value Added Tax Act, 2005, the Government hereby order:-

1. that the assessed/unassessed cases for the period 2005-06 where demands have been raised or are likely to be raised due to technical defaults enunciated hereinafter shall be reviewed by the jurisdictional Assessing Authorities either of their own motion after seeking permission from Additional Commissioner Commercial Taxes of respective divisions or on an application from the dealer on plain paper affixed with court fee stamp worth rupees ten;
2. that wherever necessary the jurisdictional Assessing Authorities shall summon such dealers and required them to produce such books of accounts and other documentary evidence;
3. that after due satisfaction and, wherever necessary, verification of books of accounts and scrutiny of documentary evidence produced, the jurisdictional Assessing Authority shall pass an order in writing condoning the technical default/defaults involved therein and reduce the demand proportionately on account of tax, interest and penalty as the case may be and such order may be passed within 15 days of the last hearing;

Note: For full text the aforesaid notification may be referred to.

By order of the Government of Jammu and Kashmir.

Sd/
Additional Secretary to Government
Finance Department

JAMMU & KASHMIR

POLICY TRACKER

State advocates tougher policy for telecom companies (Source: Financial Express, Date: 29/12/2009)

The Jammu and Kashmir (J&K) state government asked Government of India to formulate a policy for the telecom operators for starting pre-paid mobile services in the state. The new policy should include stringent action, besides financial penalties for firms not complying with verification process. The state government is of the opinion that mere imposition of a financial penalty was not helping the security agencies. A law needs to be formulated under which stringent action could be taken against erring officials, besides imposing a financial burden on the telecom operators.

New power policy in the offing (Source: Tribune News Service, Date: 21/1/2010)

The J&K state government is formulating a comprehensive power development policy to put in place three-track hydro power generation strategy and rope in investors in the field. The government intends to make use of the available water resources to fill the gap between the demand and generation in the power sector. The draft power policy would be placed on the internet for public domain to receive suggestions, comments and views from experts and general public to make the document comprehensive, holistic and befitting.

JAMMU & KASHMIR

INVESTMENT TRACKER

Rs.4bn tunnel to connect Kishtwar-Anantnag (Source: The Nothlines, Date: 1/14/2010)

The J&K government has decided to execute 4.50 kms long Vailoo Tunnel near Chatroo, Singhpora and Vailoo at a cost of Rs.4 billion. The Jammu and Kashmir Bank would constitute a Special Purpose Vehicle (SPV) for the construction of project on Public-Private Partnership (PPP) mode.

JAMMU & KASHMIR
NOTIFICATION TRACKER

FINANCE DEPARTMENT

No:ET/Estt/177/09

Date 08.01.2010

NOTIFICATION

SRO.- 11- whereas the Government is of the opinion that for the reasons recorded in the sub-joined schedule, it is necessary so to do in the public interest:-

Now, therefore, in exercise of the powers conferred by section 42-A of the Jammu and Kashmir Value Added Tax Act, 2005, the Government hereby order:-

1. that the assessed/unassessed cases for the period 2005-06 where demands have been raised or are likely to be raised due to technical defaults enunciated hereinafter shall be reviewed by the jurisdictional Assessing Authorities either of their own motion after seeking permission from Additional Commissioner Commercial Taxes of respective divisions or on an application from the dealer on plain paper affixed with court fee stamp worth rupees ten;
2. that wherever necessary the jurisdictional Assessing Authorities shall summon such dealers and required them to produce such books of accounts and other documentary evidence;
3. that after due satisfaction and, wherever necessary, verification of books of accounts and scrutiny of documentary evidence produced, the jurisdictional Assessing Authority shall pass an order in writing condoning the technical default/defaults involved therein and reduce the demand proportionately on account of tax, interest and penalty as the case may be and such order may be passed within 15 days of the last hearing;

Note: For full text the aforesaid notification may be referred to.

By order of the Government of Jammu and Kashmir.

Sd/
Additional Secretary to Government
Finance Department

PUNJAB

POLICY TRACKER

Committee rules out subsidy withdrawal (Source: Financial Express, Date: 20/1/2010)

The committee on resource mobilisation constituted by the Punjab state government ruled out withdrawal of subsidies and recommended innovative and sweeping reforms in taxation structure to mop up an additional revenue of Rs.4 billion without affecting the common consumers. The committee recommended that subsidies should be further streamlined and augmented for the welfare of the poor and meet the survival needs of the farmers. It has also called for setting up of a social security and welfare fund of Rs.5 billion. It advocates resource mobilisation on the basis of profit rather than income. The committee stands for efficient and participatory tax collection system to check leakages and wastage.

Govt. tags 'special focus products' status to bicycles, fasteners & sewing machines (Source: Indian Express, Date: 21/1/2010)

As per the notification of Ministry of Commerce, Government of India, dated January 12, complete bicycle, fasteners and sewing machines have been brought under Special Focus Products category. Last year, the total export of bicycle and bicycle parts was pegged at Rs.12 billion with Ludhiana accounting for 80% of the exports. Hence Ludhiana industry will definitely get a major boost. The latest step will also help revive the ailing Punjab sewing machine industry and enhance their exports.

News

State demands Shatabadi connecting Delhi & Bathinda (Source: Financial Express, Date: 7/1/2010)

The Punjab state government has asked the Government of India for a Shatabadi train from Delhi to Bathinda to help the growing economy of the Malwa region. With upcoming Bathinda Refinery and Talwandi Sabo thermal plant, the region needs better rail connectivity. The government also sought expeditious completion of 37 railway over bridges (RoBs) and railway under bridges (RUBs) in the state. While, 28 such projects were sanctioned during previous years, only nine such projects were sanctioned this year. The Punjab government had undertaken massive road expansion programme in the state and incomplete RoBs are hampering the work on these prestigious road projects.

Punjab sets eyes on Rs80bn VAT (Source: Financial Express, Date: 19/1/2010)

The Punjab government expects to garner Rs. 80 billion in value-added tax (VAT) during 2009-2010. This would mean a Rs.10 billion increase over the previous year's collection. Punjab will target Rs. 110 billion VAT collection by March, 2011. The state is also targeting to garner an excise revenue of Rs. 20 billion for financial year 2009-10. This could be possible only because of rationalisation of tax structure besides checking the leakage. In case of excise duty collection, Punjab had achieved a growth of Rs. 5 billion during last three years alone. The state is streamlining the revenue collection machinery besides blocking the loopholes to boost the revenue growth in the state.

Punjab sugar mills offer sops to cane farmers (Source: Business Standard, Date: 14/1/2010)

Facing acute shortage of sugarcane due to less production of the crop this year, sugar mills in the Phagwara region are launching unique schemes to promote cultivation of sugarcane. While sugar mills are already offering much higher prices than the statutory minimum price of Rs.180 per quintal announced by the Centre, they are more concerned about the next season. Some sugars are giving out gifts to farmers producing more sugarcane, while others are were paying extra as bonus and subsidies.

Punjab-Apeda to offer post-harvest infrastructure (Source: Business Standard, Date: 15/1/2010)

The Punjab Agri Export Corporation (PAGREXCO) has signed a memorandum of understanding (MoU) with Agricultural and Processed Food Products Export Development Authority (Apeda) for setting of five pack houses in the state. Each pack house will have mechanical grading line, pre-cooling chamber, cold storage, a reefer van and a pick-up van., PAGREXCO submitted a project of setting up 10 pack houses in the state to Apeda for funding these pack houses, which would cost approximately Rs.120 million. Apeda has sanctioned Rs.53.5 million for five pack houses at Mushkabad, Saholi, Lalgarth, Kangmai and Babri. The sites for the location of fruit and vegetable pack house centres has been identified based on the progressive growers in the area, area under cultivation, potential for increase in area under fruits and vegetables and access to markets.

Punjab appoints Epic Energy for solar city master plan (Source: Business Standard, Date: 5/1/2010)

The Punjab Energy Development Agency (PEDA) has entrusted Coimbatore-based Epic Energy Ltd with the preparation of master plan to make Amritsar and Ludhiana solar cities. The consultant is likely to submit its report by March 2010. After submission of the master plan, the state government will approach the Centre for approval of the plan and for funds. The master plan prepared by a consultant will set a goal of minimum 10% reduction in projected total demand of conventional energy at the end of five years. This is to be achieved through energy saving by energy efficiency measures and generation from renewable energy installations. It is expected that within a period of three months after award of tender the master plan will be ready.

Punjab plans to set up consultancy on carbon credits (Source: Indian Express, Date: 7/1/2010)

The Punjab state government announced plans to start a consultancy to offer services on no-profit-no-loss basis to companies intending to gain from carbon credits. To become eligible for carbon credits, a company has to go through multiple steps, the most important being preparation of Project Design Document (PDD). The process of getting registered for carbon credits is expensive, but the state government consultancy would charge much less than the private counterparts to attract industrialists towards energy-efficient methods.

HP to tap SME sector in Punjab (Source: Financial Express, Date: 19/1/2010)

Hewlett Packard (HP) plans to expand its presence in Punjab by tapping the small & medium enterprises (SME) potential as part of its strategy to concentrate more in tier-III and tier-IV cities. The company intends to launch customer and channel initiatives for its imaging and printing customers. The company would invest considerable amount to increase its penetration in the north market. The company's marketing strategy would include road shows, retail channel route, special training programmes for exporters and travel agents. HP's colour printing solutions are designed for sectors like hospitality, healthcare, exports, advertising and marketing and manufacturing sector. SMEs can save space by using a single printing solution. The company also plans to have a separate financing programme for the SMEs.

PSEB inks power-purchase agreement (Source: Tribune News Service, Date: 19/1/2010)

To encourage private entrepreneurs in setting up power plants using new and renewable sources of energy in the state, the Punjab State Electricity Board (PSEB) signed a power-purchase agreement (PPA) with M/s Green Planet Energy Pvt. Ltd. for purchase of 14 MW of power. The plant, which will be set up in Talwandi Rai village, near Raikot (Ludhiana), is expected to be completed within 13 months. Green Planet Energy would set up eight more projects in 2010 having an aggregate capacity of plants as 83.5 MW, for which PPAs would be signed by the PSEB with the firm.

PUNJAB

INVESTMENT TRACKER

State approves divestment of PACL (Source: Financial Express, Date: 16/1/2010)

The Punjab government has cleared disinvestment of Punjab Alkalies and Chemicals Ltd (PACL). It has appointed Industrial Financial Corporation of India Ltd (IFCI) as global advisor to facilitate the process. Though, PACL made a turnaround and showed some signs of recovery in the previous year, the company's performance is disappointing when compared to market leader Gujarat Alkalies and Chemicals Limited (GACL). The company is incurring heavy expenditure on power and fuel (57% of turnover) as compared to 34% by GACL. The number of employees per tonne per day (tpd) is 1.80 for PACL as compared to 1.65 of GACL. It may also be observed that selling and distribution costs are 6.85% of sales for PACL as compared to 1.13% for GACL. PACL was promoted by PSIDC in 1981. It is engaged in the manufacture of caustic soda, liquid chlorine and hydrochloric acid with an installed capacity of 300 tpd of caustic soda. The plant is located at Naya Nangal, Ropar in Punjab.

Keys Hotels launches operations in Ludhiana (Source: Business Standard, Date: 18/1/2010)

Keys Hotels, the mid-market brand of Berggruen Hotels, recently launched a business hotel in Ludhiana. The hotel has 95 rooms, all equipped with state of the art facilities and cutting-edge technology. This is the 4th hotel of Keys in India and its second Greenfield project after the successful launch of its first hotel in Thiruvananthapuram, Kerala. The Hotel will have one complete floor of commercial space.

Bharti Walmart starts agri co-op centre in Punjab (Source: Financial Express, Date: 21/1/2010)

Bharti Walmart, the joint venture between Bharti Enterprises and Walmart Stores Inc., has opened its first agricultural cooperative centre in Sirhind, Punjab. The agricultural cooperative centre aims to build a robust aggregating, handling, packaging and delivering system of fresh produce to best price and Bharti Retail's easyday stores. This initiative is part of Bharti Walmart's direct farm programme in partnership with 100 small and marginal farmers near Ludhiana, Punjab. The centre will provide farmers expert advice on crop planning and management, further strengthening Bharti Walmart's initiative to support farmers and small manufacturers who have limited infrastructure and distribution strength.

Companies show interest in Punjab mega food park (Source: Financial Express, Date: 28/1/2010)

Several companies, including Mrs Bector's Food (Cremica Group) and Brattle Foods Ltd. have shown interest in setting up Punjab's first mega food park (MFP). These companies are willing to invest in the range of Rs.1.5-2.5 billion for the new project. Punjab Agro Industries Corporation (PAIC) would make land available at the proposed location of Goindwal Sahib in Tarn Taran district. The food park will be developed under a scheme floated by the ministry of food processing industries to create infrastructure for the sector.

BFL to set up 3 food processing units (Source: Financial Express, Date: 25/12/2009)

To give thrust to establish a mega food park, the Punjab state government approved the proposed investment plans of Brattle Foods Ltd. (BFL) to set up three mega units with an investment of Rs. 8 billion in the dairy, meat, fruits and vegetables processing sectors in Gurdaspur district. The company would invest Rs. 3 billion for setting up a dairy unit, Rs.4 billion for meat processing unit and Rs. 1 billion fruits and vegetables processing units over a land of about 200 acre in the state over the next three to five years. Besides, the company would motivate other international companies like Jubilant Food Works Ltd., Master Franchise of Domino's Pizza in India, Sri Lanka, Bangladesh and Nepal for the setting up their manufacturing units of tomato blend and cheese in the state.

AIPL Ambuja to invest Rs12bn in new projects (Source: Financial Express, Date: 20/1/2010)

AIPL Ambuja Housing and Urban Infrastructure, the joint venture of Ambuja Realty and Advance India Projects has firmed up plans to invest up to Rs. 12 billion in the Punjab market. The company plans to pump money in three projects over the next three years in cities like Amritsar, Mohali and Khanna-Mandi Gobindgarh in Punjab. AIPL Ambuja has already launched its first integrated township project-DreamCity to be spread over 148 acre in Amritsar and to be developed with an investment of Rs. 6 billion. The Khanna-Mandi Gobindgarh project of AIPL Ambuja is slated for launch within the next three months.

DLF plans Rs27bn industrial park in Mohali (Source: Financial Express, Date: 15/1/2010)

DLF Home Development Ltd. announced plans to invest Rs.27 billion towards establishing an industrial park over 1,200 acre in Mohali under Super Mega Mixed Use Industrial Park Policy. If approved by the government, the group would complete the entire project by December 2010. The project would provide direct and indirect employment to 275,000 people.

AIL starts new unit at Dhaura (Source: Financial Express, Date: 5/1/2010)

Punjab-based towel manufacturer Abhishek Industries Limited (AIL) with its Trident brand of towel range announced the commissioning of its new towel unit under the textile park at Dhaura in Barnala. The new unit has been commissioned under the textile park being developed by Lotus Integrated Texpark Ltd., a special purpose vehicle promoted by Trident Group under the scheme of Integrated Textile Parks (SITP) of the central government. This new unit is a part of expansion programme of AIL's terry towel division which envisages upgradation of 18 looms and installation of 24 new looms. With this expansion, the total production capacity of the terry towel division has increased to 374 looms.

New IT park to come up at Rajpura (Source: Financial Express, Date: 29/12/2009)

The Punjab state government announced plans to establish a self-contained integrated Information Technology and knowledge industry park spread over an area of 1,276 acre at Rajpura. The government gave in-principle approval for acquisition of common land in contiguity of six villages in Sehra, Pabra, Sehri, Takhtu Majra, Akri and Akar in one go for the setting up of the industrial park for IT and IT enabled services industry. The upcoming industrial park would house the companies operating in business process outsourcing (BPO), knowledge process outsourcing (KPO), legal process outsourcing and engineering process outsourcing. Besides software companies, hardware, multimedia, graphic, animation and gaming industry, eAdvertising, eMarketing and ePublishing houses and consultancy firms would also come up in the IT park. The Punjab Information and Communication Technology Corporation Ltd. is the nodal agency to implement this project. The project would be developed in a phased manner with residential and social infrastructure facilities such as healthcare, recreation, health clubs and hotels.

PEDA invites bids for mini hydel projects (Source: Financial Express, Date: 30/12/2009)

The Punjab Energy Development Agency (PEDA) invited bids for development of 10 mini hydel projects on the Upper Bari Doab Canal system (UBDC) on the build, operate and own (BOO) basis, under NRSE Policy-2006 of the state government. Bids have been invited for seven mini hydel plants to be set up on Sabraon branch canal and three projects on main branch (upper) with collective generation capacity of 84.25 mw. Sites offered for Sabraon branch canal include Sathiali, Tugalwala, Harchowal, Sukhwai, Ladha Munda Attwal, Buttar and Ghaggar Bhana. The sites offered on main branch upper include Dhariwal, Kunjar and Aliwal. The state government aims to generate 200 mw from the mini hydel sector in the next financial year.

Gitanjali to strengthen presence in jewellery market (Source: Business Standard, Date: 12/1/2010)

Gitanjali Jewellery Retail Pvt. Ltd., one of the leading retail chains of branded jewellery in India, plans

to widen its footprint by foraying in Tier II cities in various parts of the country. The company has signed franchisee agreements with 10 channel partners to add to its existing network of 40 outlets. The brand plans to set its foot shortly at Amritsar, Phagwara, Nawashahar, Patiala (all in Punjab) and Kullu (Himachal Pradesh), Jhansi, Roorkee (Uttar Pradesh), Chennai (Tamil Nadu), Delhi and Calicut, Arunakulam, Trishur and Trivendrum (all four in Kerela). The group did exceedingly well in the metro cities and the state capitals and the next growth drivers would be the Tier II cities.

RAJASTHAN

POLICY TRACKER

Rajasthan amends APMC Act (Source: Economic Times, Date: 8/1/2010)

The Rajasthan state government amended the Agriculture Produce Marketing Committee (APMC) Act to allow private sub e market to operate in all the 125 mandis of the state. Rajasthan Agriculture Marketing Board has given trading licenses to National Spot Exchange and NCDEX SPOT for online trading in the state for 5 years. These two companies will have to set up trading terminals and warehouses for online trading. They will have to provide real time price and trade related information through website. The procurement and disposal of agricultural produce will be through online trading and the clients and producers across the country can participate. According to the provision in the modified Act, farmers will have to give physical delivery at the warehouse designated by private sub e market where grading and quality certification would be done before issuing warehouse receipt to the farmers.

News

Rajasthan to be 'Theme State' at Surajkund fair (Source: The Hindu, Date: 20/1/2010)

Rajasthan would be the "theme State" and Tajikistan the "partner country" in this year's edition of the annual Surajkund Crafts Mela beginning at Surajkund in Faridabad district from February 1, 2010. All member-countries of the South Asian Association for Regional Cooperation (SAARC), Thailand and Egypt would take part in the fair. Over 400 craftspersons from different parts of the country are expected to participate in the fair.

RAJASTHAN

INVESTMENT TRACKER

Bajaj Hindusthan to foray into power sector (Source: Business Standard, Date: 27/1/2010)

Bajaj Hindusthan, the country's biggest sugar producer, plans to foray into the hydro power sector. The company has shortlisted Rajasthan, Uttar Pradesh and Maharashtra to set up thermal power capacities, primarily based on indigenous coal. Bajaj Hindusthan is at present exploring sites for hydro power projects, which is still in the initial stages. At present, Bajaj Hindusthan's overall captive power capacity stands at 430 Mw. In November last year, the company announced plans to invest Rs.16 billion to set up five coal-based power plants, with a total capacity of 400 Mw.

Abhipra to invest Rs.1.5bn towards expansion (Source: Economic Times, Date: 14/1/2010)

Financial services company Abhipra has lined up Rs.1.5 billion to take its branch tally from 72 to 700 across the country by the end of next financial year. The company is drawing aggressive expansion plans to reach out to customers in tier II and tier III cities. Abhipra intends to increase customer base from 150,000 to 1 million active with this expansion. The company's focus states would be Rajasthan, Madhya Pradesh, Punjab, Haryana, Uttaranchal and Himachal Pradesh. The company plans to open 50 branches in Rajasthan.

RAJASTHAN
NOTIFICATION TRACKER

FINANCE DEPARTMENT (TAX DIVISION)

No.F.12 (86)FD/Tax/09-76

Date 27.01.2009

NOTIFICATION

In exercise of the powers conferred by sub-section (3) of section 8 of the Rajasthan Value Added Tax Act, 2003 (Act No.4 of 2003), the State Government being of the opinion that it is expedient in the public interest so to do, hereby exempts from payment of tax on the sale of imported sugar by the registered dealer of the state.

This notification shall remain in force upto 30.6. 2010.

By Order of the Governor,

(Vaibhav Galria)
Dy. Secretary to the Government

No.F.12 (86)FD/Tax/2009-75

Date 27.01.2010

NOTIFICATION

In exercise of the powers conferred by sub-section (3A) of section 8 of the Rajasthan Value Added Tax Act, 2003 (Act No.4 of 2003), the State Government being of the opinion that it is expedient in the public interest so to do, hereby makes the following amendment in Schedule II appended to the said Act, namely:-

AMENDMENTS

In Schedule II appended to the said Act, after the existing serial number 35 and entries thereto, the following new serial number and entries there to shall be added, namely:-

36.	Registered dealers dealing in imported sugar.	
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By Order of the Governor,

(Vaibhav Galria)
Dy. Secretary to the Government

ORDER

In partial modification of this department's order No.4 (18) FD/Tax-Div/2001 dated 28.2.2003 (amended from time to time) the State Government makes the following amendment in the Rajasthan Investment Promotion Scheme, 2003 (herein referred to as "The Scheme").

AMENDMENTS

In clause 9A (iii) of the RajInvest-2003 the existing expression.

“(iii) The validity period of the entitlement certificate shall be one year from the date of issue of such certificate or the period left of the expiry of the scheme whichever is earlier subject to commencement of production commercial or industrial output of goods or services or projects set up for such common social goods as prescribed in the scheme.”

Shall be replaced by the expression.

“(iii) The validity period of the entitlement certificate shall be one year from the date of issue of such certificate or the period left of the expiry of the scheme whichever is earlier. However, on the request of the applicant with reasons, the DLSC/SLSC if satisfied, may extend the validity period of the entitlement certificate by one or more year or till three months before the expiry of the scheme whichever is earlier, subject to commencement of production commercial or industrial output of goods or services or projects set up for such common social goods as prescribed in the scheme.”

By Order,

(Vaibhav Galaria)

Dy. Secretary to the Government

ORDER

In partial modification of this department's order No.F.4(18)FD/Tax-Div/2001 dated 28.7.2003 (amended from time to time) the State Government makes the following amendments in the Rajasthan Investment Promotion Scheme, 2003 (hereinafter referred to as "the Scheme") namely:-

AMENDMENT

1. The existing clause 4(ddd) of the scheme shall be substituted by the following namely:-

"Capital Investment subsidy" for new investment as well as for expansion/modernization/diversification shall include:

(a) Capital Investment subsidy (Interest component), which will be a sum equivalent to 5% (percentage points) interest paid on borrowing (in case of 3C/ST 6%) or at the documented rate of interest, which ever is less; and

(b) Capital Investment subsidy (Wage component), which will be a sum equivalent to:

(i) twenty five percent of the total wage/salary being paid by the investor with respect to such workers for whom employee and employer both are contributing towards approved Provident Fund

or

(ii) in case die investor is not availing Capital Investment Subsidy (Interest component) thirty percent of the amount of the total wage/salary being paid by the investor with respect to such workers for whom, the employee and employer are both contributing towards approved Provident Fund.

It shall be paid back into the account of-the investor by the State Government under the Scheme subject to a maximum of 50% of the tax payable under Sales Tax, CST or VAT."

2. Clause 16 of order No.F.4(18)FD/Tax/01 pt. dated 10.10.2008 shall be substituted by the following; namely:-

"The existing expression "Interest subsidy" and "wage/employment subsidy" occurring in RIPS-2003 shall be replaced by the expression "Capital Investment Subsidy (Interest component)" and "Capital Investment Subsidy (Wage component)" accordingly and the expression "subsidy" or "subsidies" occurring in R1PS-2003 shall be replaced by the expression Capital Investment Subsidy.

3. The existing clause 4(w) and 4(x) shall be deleted.

This shall have effect from 10.10.2008.

By Order,

(Vaibhav Galria)

Dy. Secretary to the Government

No.F.12 (114) FD/Tax/07-74

Date 01.01.2010

NOTIFICATION

In exercise of the powers conferred by section 99 of the Rajasthan Value Added Tax Act, 2003 (Act No. 4 of 2003), the State Government hereby makes the following rules further to amend the Rajasthan Value Added Tax Rules, 2006; namely.-

- 1 **Short title and commencement.**- (1) These rules may be called the Rajasthan Value Added Tax (Amendment) Rules, 2010.
(2) They shall come into force with immediate effect.
- 2 **Amendment of rule 36.**- In sub-rule (6) of rule 36 of the Rajasthan Value Added Tax Rules, 2006 for the existing expression "However, the audit report for the year 2006-07 may be furnished upto 31.03.2008 and for the year 2007-08 may be furnished upto 31.03.2009.", the expression "However, the audit report may be furnished upto-
 - (i) 31.03.2008 for the year 2006-2007 ;
 - (ii) 31.03.2009 for the year 2007-2008 ; and
 - (iii) 31.01.2010 for the year 2008-2009." shall be substituted.

[No.F.12 (114) FD/Tax/07-74]
By Order of the Governor,

(Vaibhav Galaria)
Dy. Secretary to the Government

UTTAR PRADESH

POLICY TRACKER

State to allow co-gen plants to go the traditional way (Source: Financial Express, Date: 02/01/2010)

In an effort to encourage private participation in the power sector, the Uttar Pradesh state government has decided to allow co-gen plants to set up additional power generation capacity on conventional fuel such as coal or gas to generate power all round the year. This will not only encourage setting up co-gen plants, especially by sugar mills in the state, but would also reduce the power demand-supply gap in the state. The state has also decided to allow the private developers the liberty to sell 50% of the additional generation in off season anywhere under the open access system. The government has amended its Energy Policy to also drastically scale down the state's share in getting power from the existing 90% to just 50% of the saleable energy of cogenerating units. This has been done to improve the availability of power in the state.

News

UP to introduce PPP model in urban transport (Source: Business Standard, Date: 07/01/2010)

With an intention to spruce up urban transportation and decongest city roads, the Uttar Pradesh state government announced plans to introduce public-private partnership (PPP) model in seven major cities of the state. Steps are also being taken to set up a dedicated Urban Transport Fund. The state government targets running over 1,300 buses in the first phase. Under the project, Special purpose vehicles (SPVs) have been formed and the process for their registration is on. Later, a holding company will run all these SPVs. According to the state infrastructure development department, the government had also appointed Urban Mass Transit Company Limited as consultant for the project and it had already prepared a detailed report in this regard.

UTTAR PRADESH

INVESTMENT TRACKER

News

IT SEZ to come up in Lucknow (Source: Business Standard, Date: 12/1/2010)

The Uttar Pradesh state government announced plans to start the process of setting up an information technology special economic zone (SEZ) in Lucknow to stop the migration of state talent pool to other states. The SEZ would be set up in the public-private partnership (PPP) mode, where the developers and investors would be provided land on concessional rates. The state government would request the IT industry to open shops in the proposed SEZ, so that the state graduates can get jobs right here. Lucknow is an ideal place for setting up of the IT SEZ, since it is well connected to other areas and the cost of living is quite low compared to other metros and big cities. The current IT Policy was adequate for the setting up of the SEZ and it would not need any fine-tuning or amendment.

20 companies show interest in UP power projects (Source: Financial Express, Date: 26/12/2009)

Inline with the UP government's new energy policy to encourage private companies to set up power plants on a MoU basis, the Uttar Pradesh Power Corporations (UPPCL) had invited Expression of Interest (EOI) for installation of thermal power plants in the state. In response, 20 private companies including Lanco Infratech and HCC have proposed to set up power plants with a total installed capacity of 20,000 mw in Uttar Pradesh. A majority of these companies have expressed their willingness to set up coal-based plants in the state. Some have also proposed to generate around 550 mw power through gas, agro-waste, biomass and industrial waste. However, most of these companies have not specified the sites for the plants.

UTTAR PRADESH
NOTIFICATION TRACKER

TAXES DEPARTMENT

No.KA.NI.-2-122/XI-9(107)/07-U.P.Act-30-2007-Order-(53)-2010

Date 19.01.2010

NOTIFICATION

In exercise of the powers under section 16 of the Uttar Pradesh Tax on Entry of Goods into Local Areas Act, 2007 (U.P. Act No. 30 of 2007), read with section 21 of the Uttar Pradesh General Clauses Act, 1904 (U.P. Act No. 1 of 1904), the Governor is pleased to make the following rules with a view to amending the Uttar Pradesh Tax on Entry of Goods into Local Areas Rules, 2008:-

THE UTTAR PRADESH TAX ON ENTRY OF GOODS INTO LOCAL AREAS (FIRST AMENDMENT) RULES, 2010

Short title and commencement	1.	(1) These rules may be called the Uttar Pradesh Tax on Entry of Goods into Local Areas (First Amendment) Rules, 2010. (2) They shall come into force with effect from the date of their publication in the Gazette.	
Amendment of rule 4	2.	In the Uttar Pradesh Tax on Entry of Goods into Local Areas Rules, 2008 hereinafter referred to as the said rules for the existing rule 4 set out in Column-I below, the rule as set out in Column-II shall be substituted, namely:-	
		Column-I	Column-II
		Existing rule	Rule as hereby substituted
		4(1) Every dealer liable to pay tax under the Act, shall submit to the assessing authority his returns for a tax period in Form-C	4(1) Every dealer liable to pay tax under the Act, shall submit to the assessing authority his returns for a tax period in Form-C (2) Every dealer liable to pay tax under the Act, except dealers referred to sub-section(2) of section 8, shall submit to the assessing authority, for each assessment year, an annual return of self assessed tax in Form-F

Note: For full text the aforesaid notification may be referred to.

By Order,

(Desh Deepak Verma)
Pramukh Sachiv.

UTTARAKHAND

POLICY TRACKER

News

State disapproves SHPs selling power outside (Source: Business Standard, Date: 16/1/2010)

The Uttarakhand state government has disallowed small hydropower projects (SHPs) to sell power outside the state. However, the government has given reprieve to the big companies which have already developed or are in the process of developing hydel projects having installed capacity of more than 25 Mw. With water discharge in most of rivers falling during the winter, Uttarakhand is witnessing fast growth in demand-supply gap. This has forced the Uttarakhand Power Corporation Limited (UPCL) to resort to four to eight hours rostering in the state due to which industrial production is suffering.

UTTARAKHAND

INVESTMENT TRACKER

Hinduja Group to double investment at Pantnagar facility (Source: Business Standard, Date: 15/01/2010)

The Hinduja Group announced plans to double its investment to Rs.20 billion from Rs.10 billion at the Pantnagar facility. The manufacturing facility of Ashok Leyland, the Hinduja group's flagship company, would start production in March 2010. Ashok Leyland is planning to produce commercial vehicles and engine parts. The company would be manufacturing 40,000 vehicles per year and promises to give employment to 2,200 persons. The state government has already allotted 17 acres of additional land for further expansion.

News

State to woo investors in kumbh season (Source: Business Standard, Date: 15/01/2010)

The millennium's first "mahakumbh" at the holy city of Haridwar in Uttarakhand is expected to attract 40 to 50 million pilgrims during the next four months. The event would enable the state to attract huge business investments. With scores of top industrialists expected to take holy bath in the Ganga at Haridwar, the government is trying to shortlist all those, who may be interested in investing in Uttarakhand.

This Tracker has been prepared by

