

06 Aug 2012

The little things

- **Forex reserves:** \$289.15bn (as on Aug 11)
- **Brent Crude:** \$113.71 (as on Aug 19)
- **Sensex:** 17,691.08 (as on Aug 17) Net change: 0.19% (from Aug 16)
- **Gold (10 gm):** Rs. 30168.0 for 24-carat, as on Aug 19, Mumbai)
- **Exchange rate (Rupee):** 55.71/\$ (as on Aug 19)

Did you know?

- 70% of small business owners use Facebook for marketing.
- American Airlines saved \$40,000 in 1987 by eliminating one olive from each salad served in first class.

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SEZ AND PORT PROJECT DROPPED DUE TO AMT

GVK Power and Infrastructure has abandoned a project to develop a Special Economic Zone in Tamil Nadu and has deferred the work on port venture in Gujarat. The project has been dropped because of imposition of 18.5% Alternate Minimum tax (AMT), a variant of Minimum Alternate Tax (MAT), as the SEZ's were originally planned on the basis of no taxes.

BSE-500 COMPANIES REDUCE DEBT-TO-EQUITY RATIO

4 out of every 10 companies in BSE 500 have reduced their Debt-to-Equity ratio by lowering capacity addition and stronger internal accruals to repay debt. Only 1 out of 15 companies reported an increase in debt-to-equity ratio despite slowing demand and sliding profits.

Rs 990 CRORES FOR WOMEN AND CHILD DEVELOPMENT

Rural development minister Jairam Ramesh has offered Rs.990 crores—or 1% of his ministry's budgetary allocation—to the ministry of women and child development for programmes in areas with low female literacy or those which are affected by Maoist insurgency.

PROPOSED CHANGES IN FOOD SECURITY BILL

According to Plan B proposed for changes in Food Security bill, 5kg grains per person per month will be provided for entire 67% of identified beneficiaries (identified by the state), rather than the original bill that made provision for 7kg grains per person per month to priority category (as identified by Central Government) and 3kg grains per person per month to general category (as identified by Central Government).

The new plan will involve subsidiary burden of Rs 1.18 lakh crore compared to Rs 1.11 lakh crore for original bill.

THERMAL COAL IMPORT REACHES RECORD HIGH

Import of thermal coal is projected to go up sharply to 80-85 million tonnes with NTPC likely to account for a fifth of the total projected imports during 2012-13.

This is 60% higher than 50 million tonnes coal quantity imported during 2011-12.

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CARBON SENSITIVE INDEX – GREENEX

What is Greenex?

Greenex, India's first carbon-efficient live index, is launched by BSE in collaboration with IIM Ahmedabad. It holds 20 stocks that meet energy efficiency norms. In other words, they are top 20 companies measured on their greenhouse gas numbers, revenue and market capitalization. These 20 companies are selected from BSE-100 index.

The companies constituting Greenex were selected based on greenhouse emissions in the last 4 years from 2007-08 till 2010-11. The quantity of carbon emission expected to be curbed by this index is 100 million tonne. The Index has been back-tested from 1st October, 2008 (Base Date) with the base index value of 1000.

Criteria of Evaluation?

The criteria of evaluation would be "money a firm saves by being energy efficient". Some of the norms are- Emission intensity and Total emissions / total revenue, which give an insight to environment friendliness of the company.

Tata Steel has highest weightage at 6.7 percent. Others in the category are SBI, HDFC, ICICI Bank, Sun Pharma and BHEL. The companies constituting Greenex were selected based on greenhouse emissions in the last 4 years from 2007-08 till 2010-11.

Why is Greenex built?

Asset management companies, pension funds, insurance companies and various institutional and individual investors can use this index for investing in companies who have a bright future because of green policies.

Greenex will be instrumental for Government in understanding the investor sentiment towards accepting the energy usage and efficiency measures. There are many investors willing to pay an extra bit for green investments in companies to get better returns in the future, by following the norms.

In order to ensure proper functioning and correct reporting, quality disclosure are a must from company's side. There will be companies which achieve targets and others who fail to meet them.

Through PAT (perform, achieve and trade) mechanism, companies that achieve energy-efficiency targets, over and above stipulated limits, can trade their surpluses with those that fail to meet targets using energy certificates. Companies that essentially need allowances can take permit points from companies who have surplus points, ie. who have reduced the emission below a set target. Hence, while some emitters can increase the emission, overall level of permissible emissions remains the same.

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