



## POLICY UPDATE

- Government of India have **awarded 8 off-shore and 10 on-land oil & gas exploration blocks under the Fifth round of New Exploration Licensing Policy (NELP-V)**. The NELP-V was launched in January, 2005 and the bids were received by 31st May, 2005 from 26 foreign companies including world leaders in oil exploration like BP, Petrobras, Petronas, ENI and BG and 23 Indian companies.
  - UK based Cairn Energy has been awarded four **on-land blocks**, in collaboration with ONGC and ENI India Ltd. One each of the on-land blocks has been awarded to Canada based Niko Resources Ltd., and Geo-Global Resources. One on-land block has been awarded to Reliance Industries. The remaining three on-land blocks have been awarded jointly to (i) Phoenix Overseas and Birckbeck Investment Ltd., (ii) Gujarat State Petroleum Corporation, GAIL, Jubilant Capital and Geo Global Resources Ltd., and (iii) Oil India and HPCL.
  - The two **shallow water blocks** have been awarded to ONGC – one at Cambay Basin independently and the other at Gulf of Saurashtra in collaboration with Cairn Energy.
  - Of the six **deepwater blocks**, Reliance Industries Ltd. has bagged four blocks — two independently and two jointly with Hardy Exploration & Production India Inc and Niko Resources Ltd. respectively. ONGC got the remaining two blocks — one independently and second in collaboration with ENI India Ltd and GAIL India.

The minimum investment committed by the bidders in the 18 blocks is approx. US\$ 380 Million in the first phase and US\$ 867 Million in all the three phases of exploration. *More...*
- **India will submit Revised Offers to the WTO** in August, 2005 as part of the services negotiations under the Doha Round in keeping with the July Framework Agreement. More sectors including business services, construction and related engineering services, health related and social services, tourism and travel related services, maritime services and transport services would be covered in the Revised Offer. India's major trading partners such as USA, EC, Japan, Canada, Australia etc., have already submitted their Revised Offers. *More...*
- Six countries including India, US, Australia, China, Japan and South Korea have jointly released a new partnership statement called **Asia Pacific Partnership for Clean Development and Climate** on July 28, 2005 at Laos. The new partnership will allow the nations to set their own goals to develop and accelerate deployment of cleaner, more efficient energy technologies to meet national pollution reduction, energy security and climate change concerns. Partners would be expected to make progress in areas such as: energy efficiency, methane capture and use, rural/village energy systems, clean coal, civilian nuclear power, advanced transportation, liquefied natural gas, geothermal building and home construction/operation, bioenergy, agriculture/forestry, and hydropower/wind power/solar power. *More...*
- The requirements for obtaining prior approval of the Reserve Bank of India for offering **Internet Banking Services in India** by the banks registered in India has been done away with. The same Guidelines of Internet Banking in India issued on June 14, 2001 will remain effective. Banks should, however, ensure compliance with the conditions that (a) The Internet Banking policy has been approved by the Bank's Board, (b) The policy fits into the bank's overall Information Technology and Information Security policy and ensures confidentiality of records and security systems, (c) The policy takes into account operational risk, and (d.) The policy clearly lays down the procedure to be followed in respect of "Know Your Customer" requirements for identification of customers. *More...*

## NEWS HIGHLIGHTS

- Reserve Bank of India on July 25, 2005 have issued the First Quarter Review of its Annual Policy Statements for the year 2005-06. In the review of Macroeconomic and Monetary Development it has been observed that India's economic growth in the current fiscal has been projected in the range of 6-7.2% by various agencies. RBI in its Annual Policy Statements released in April 2005 had projected Indian economy to grow by 7.0% in 2005-06. **More...**
- Inflows of foreign direct investment (FDI) into India (equity component only) have shown an increase of 117% during April-May 2005-06, having reached a figure of US \$ 912 million as against US \$ 421 million during April-May 2004-05. **More...**
- Net profit of 450 manufacturing firms of India recorded a growth rate of as high as 52% during the quarter ended June 2005. The growth in net profits came on the back of a 17.9 per cent rise in sales and a hefty 22.5 per cent rise in other income. The operating profit margin increased by 60 basis points to 21.13 per cent; the gross profit margin increased 154 basis points to 18.61 per cent and the net profit margin increased 260 basis points to 11.59 per cent. One basis point is one hundredth of a percentage point. The net profits rose over 100 per cent in industries such as hotels, tractors, trading, chemicals, non ferrous metals, textile machinery, construction, electrical equipment, shipping, machine tools, packaging, fasteners, petrochemicals, cotton textiles, paper, diamond, mining, personal care, food products and sugar. **More...**

## CORPORATE NEWS

- Oil & Natural Gas Corporation, a Public Sector Unit under the Ministry of Petroleum & Natural Gas of India, and Mittal Investments Sarl, one of the investment arms of Mr. Lakshmi N Mittal family, entered into two Memorandum of Understanding (MoU), on July 23 to form two overseas joint venture companies viz. ONGC Mittal Energy Ltd. (OMEL) and ONGC Mittal Energy Services Ltd (OMESL). As per the MOU signed, 98 per cent equity will be divided between the Indian and the foreign company in the ratio of 51:49, while the financial institutions will hold the remaining 2 per cent stake in both the joint ventures. ONGC Mittal Energy Ltd will focus primarily on acquiring oil equity and gas abroad. The ONGC Mittal Energy Services Ltd, will look into trading, shipping and other activities arising from the OVL-Mittal tie up. **More...**
- India-based Videsh Sanchar Nigam Limited (VSNL) announced that it will acquire US-based Teleglobe International Holdings Ltd, a leading provider of wholesale voice, data, IP and mobile signaling services, for \$239 million. With this acquisition, VSNL will move into the league of global top three in international wholesale voice providers. Teleglobe, headquartered at Bermuda, is a Nasdaq listed company and has submarine cable network of 60,000 kms across North America, Europe and Asia. Teleglobe has a client profile of 1,400 carrier customers across the world out of which 400 are mobile operators. VSNL will amalgamate Teleglobe with VSNL Telecommunications (Bermuda), a VSNL subsidiary. The acquisition value includes debt and payment of \$4.50 per share to Teleglobe shareholders. **More...**
- US-based General Motors is planning to introduce the Cadillac and the Hummer in India. **More...**
- US-based Ford, the car major, has decided to initiate the global launch of its next 'promising' vehicle in India in a couple of months. **More...**
- India-based Infosys Technologies, a software exporter, has renewed its pact with US-based Oracle, to jointly offer solutions in hi-tech, manufacturing and financial services sectors for the Asia Pacific region. **More...**
- US-based T. Rowe Price, a mutual fund house, is planning to set up an asset management venture in India. **More...**
- US-based Merck & Company, a pharmaceutical major, has announced the commencement of its operations in India through its wholly owned subsidiary, India-based MSD Pharmaceuticals Private Ltd. **More...**
- India-based State Bank of India (SBI) will complete the due diligence process for purchasing four mid-sized foreign banks by October, 2005. This information was given by the Bank's Managing Director T.S. Bhattacharya. SBI has already bought two banks, one in Mauritius and the other in Indonesia. **More...**