

## US Treasury Secretary John Snow visited India

- U.S. Treasury Secretary John W. Snow led an official delegation to India for the India-U.S. Financial and Economic Forum. The Third Cabinet Level meeting of the Forum was held in New Delhi on November 9, 2005. The delegations discussed a number of key issues, including fiscal and tax policies, U.S. and Indian efforts to accelerate the WTO Doha Round negotiations, strengthening India's infrastructure, and collective efforts to combat money laundering and the financing of terrorism. At the end of the Forum meeting, Secretary Snow and Finance Minister Chidambaram addressed a Joint Press Conference. **More...** On the sidelines of the Forum meeting, Indian Ministry of Finance and the US Trade & Development Agency signed a Cooperation Framework Agreement. Secretary Snow also met with the Prime Minister Dr. Manmohan Singh and Deputy Chairman of Planning Commission Dr. Montek Singh Ahluwalia.



US Treasury Secretary John Snow calls on Indian Prime Minister Dr. Manmohan Singh, in New Delhi on November 9, 2005. (Photo credit: PIB)

***“And I want to highlight America's great interest in seeing India succeed. India's success is important for India, but it is also important for America.”***

– John Snow, US Treasury Secretary  
(in his remarks at the US India business leaders meet at New Delhi on November 10, 2005)

## POLICY UPDATE

- Government of India on November 3, 2005 have approved for establishment of a Special Purpose Vehicle (SPV) for funding infrastructure. The SPV will be called the India Infrastructure Financing Company Ltd.(IIFCL) that will be incorporated as a Company under the Companies Act, 1956. IIFCL would be funded through long-term debt raised from the open market. The IIFCL would finance commercially viable projects sponsored by any entity viz. public sector; private sector or public private partnerships. **More...**
- Government of India, on November 3, 2005, has acceded to Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures popularly known as Revised Kyoto Convention.. **More...**
- India has liberalized foreign investments in the Asset Reconstruction Companies (ARCs) allowing 49% Foreign Direct Investment where any individual investment should not exceed 10% of the equity. An ARC (also known as Asset Management Company in some other countries) acquires bad loans, better known as non-performing assets (NPAs), at a steep discount from the banks and try to resurrect these bad loans into good ones. **More...**
- Government of India on November 10 has taken a decision to further liberalise ILD (International Long Distance) and NLD (National Long Distance) licenses so as to facilitate the growth of the IT and IT enabled services in the country. The major changes are that (i) the entry fee for new license and annual fee for the existing license

(Continued on next page)

A publication of the Embassy of India, Washington, DC

All issues of *India Economic News* can be viewed at the Embassy's website: <http://www.indianembassy.org>  
To subscribe and unsubscribe send email to [econews@indiagov.org](mailto:econews@indiagov.org)  
For comments, additional information and clarifications contact: [ecowing@indiagov.org](mailto:ecowing@indiagov.org)

would be drastically reduced from 15% to 6% w.e.f. 1.1.2006. (ii) Networth and Paid Up Capital requirements for the applicant company would be reduced. Currently, the required networth capital for NLD licences is Rs 2500 crore (\$575 million approx.) and Paid Up Capital is Rs 250 crore (\$57.5 million approx.). From 1.1.2006, the Networth and Paid Up Capital of the applicant company for both NLD and ILD service licence shall be Rs. 2.5 crore (\$0.57 million approx.). (iii) Prerequisite of the applicant's having prior experience in telecom sector would be done away with, and (iv) Internet telephony would be permitted for ILD and NLD licensees. So far, Internet telephony was not permitted in India. **More...**

## NEWS HIGHLIGHTS

### General News

- India and US, have signed a Joint Declaration on India-US knowledge Initiative on Agriculture at New Delhi on November 12, 2005. The declaration formalizes the announcement made by Indian Prime Minister and US President to energize agricultural research between the two countries during July 2005 when Indian Prime Minister visited US. The present declaration will facilitate setting up a Knowledge Initiative Board with two Co-Chairs, and seven members from both sides consisting of representatives from government, academia and the private sector for specific projects and funding sources. The Board will develop its observations and findings in a report that will be delivered to both the Agriculture Ministry and USDA in 2006, after meeting first in US and later in India. **More...**
- India will amend the Double Taxation Avoidance Convention with Italy to increase trade and investment. **More...**
- India and Japan have reached an agreement to revise a bilateral treaty to cut taxes for companies doing business in the two nations. **More...**
- ONGC Videsh Limited (OVL), a state owned petroleum major in India, has been awarded the second offshore exploration block in Vietnam with 100% participating interest and operatorship, by Petro Vietnam, a national oil company. **More...**
- Air Sahara has entered into an agreement with American Airlines to start flights from Kathmandu (Nepal) to Chicago (US) via Delhi (India) from November 15, 2005. **More...**

### Corporate News

- Coca Cola will invest \$120 million into its Indian subsidiary and planning to buy back shares from local investors, including bottlers. **More...**
- Godrej Industries would pick up 4% stake each in Boston Analytics LLC and Verson LLC of US. **More...**
- GAIL has signed a memorandum of understanding (MoU) with EXMAR Marine NV of Belgium for jointly pursuing liquefied natural gas (LNG) and compressed natural gas (CNG) import projects in India. **More...**
- Auto ancillary division of Mahindra & Mahindra is in advanced negotiations with three European firms in the engineering services and auto component sector, for acquisitions costing \$50 million to \$70 million each. **More...** Mahindra and Mahindra has also announced to step up its production in China. **More...**
- IBM will acquire India-based Network Solutions (NetSol), an infrastructure services company for a deal between \$75-100 million. **More...**
- Standard Chartered Bank has invested \$120 million in its Indian operations in 2005. **More...**
- LG would set up its mobile phone and DVD player manufacturing unit in Pune, at a cost of \$111.15 million. **More...**

### Visits and Events

- Mr. Robert Portman, US Trade Representative went to New Delhi to have first meeting of the India-US Trade Policy Forum with Indian Commerce & Industry Minister Mr. Kamal Nath on November 11-12, 2005.
- The Finance Minister of the Indian State of West Bengal Dr. Asim Dasgupta visited US on November 8-11, 2005 to deliver a lecture at MIT and for investment promotion.
- The 13th SAARC Summit was held in Dhaka, Bangladesh on November 12-13, 2005. The Summit had detailed discussions on SAARC Development Goals formulated for the region and collective approaches towards poverty alleviation. In the Summit, SAARC leaders have agreed to include Afghanistan as the eighth member of SAARC and to confer observer status on China and Japan.
- Maryland State Delegation led by Dr. Chris Foster, Deputy Secretary. Department of Business & Economic Development will visit New Delhi on November 14-20, 2005 for meetings with the officials of Indian Department of Science & Technology.
- Second Indo-US Economic Summit on 'Bridging the Gap' organized by the Indo-American Chamber of Commerce would be held at New Delhi on November 16-17, 2005.