



POLICY UPDATE

- The Government of India on May 26 decided to **disinvest 10% equity out of the Government's 67 per cent stake in Bharat Heavy Electricals Limited (BHEL)**, one of the profit-making state owned companies. The money will be put into a newly created National Investment Fund. Three fourths of the money from the sale will be spent in the social sector like health and roads; and the balance will be used for the revival of sick State-owned enterprises. *More...*
- Reserve Bank of India on May 17 have allowed banks to open **foreign currency accounts for project offices of foreign companies in India**. This has been done to further liberalize the procedures for setting up project offices in India. The foreign currency account may be closed on completion of the project and the banks may permit intermittent remittances by project offices. *More...*
- **Expert Committee on Company Law chaired by Dr. J.J. Irani has submitted its report**. The Report comprising of thirteen chapters divided into seven parts addresses a range of issues. The recommendations of the Committee are expected to provide a valuable input in the preparation of new Company Law. *More...*
- The Government of India has approved the proposal for implementation of **Sethusamudram Ship Channel Project** at a cost of approx. \$558 million. The project envisages linking the Arabian Sea with the Bay of Bengal by dredging the shallow waters to the North of Sri Lanka, thereby creating a navigable canal across the Gulf of Mannar, Palk Bay and the Palk Straits. These waters have hitherto not been navigable by cargo shipping. The project would save about 400 kilometres of sailing distance between the East and West coasts of India. *More...*
- India has renewed **Air Services Agreements** with Belgium and Germany. The renewed agreements would provide for designated airlines to operate more number of flights and in more frequencies. *More... Belgium... Germany*

NEWS HIGHLIGHTS

- Indian Prime Minister, Dr. Manmohan Singh, on May 22 released **"a caring Government - one year of UPA Government"** – a report on the First year in office of the UPA Government. The report puts together the important decisions taken by the Government in the year. *More...*
- The Prime Minister chaired a meeting of the Committee on Rural Infrastructure and approved the proposal for **"Bharat Nirman"**, which will entail an investment of approx. US \$40 billion over a four year period (2005-2009) in six critical areas of rural infrastructure: Irrigation, road, houses, drinking water, electricity, and telephone connectivity. *More...*
- India has received **FDI inflow** of US \$3.75 billion in calendar year 2004. This does not include the reinvested earnings and other components of FDI, which are compiled at the end of the financial year.
- **Industrial growth rate in India was 8% in 2004-05** against 7 per cent in 2003-04.
- **Indian imports** recorded a growth rate of 51.05% and reached a level of US \$10.42 billion in April 2005. **Exports** during the same period have grown by 17.2 % to reach US \$6.5 billion.
- The Government of India has approved the document on **Mid-Term Appraisal of the Tenth Plan** by the Planning Commission. The economic growth target has been scaled down from 8.1 to 7-8 per cent annually during 2002-07 in this document.

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NEWS HIGHLIGHTS *(Continued from page 1)*

- Despite the boom in consumer products witnessed in the last decade, a huge unsatiated demand exists in India for **consumer durables**. This has been brought out by the National Sample Survey Organisation (NSSO) in its latest report on 'Household Amenities and Other Characteristics'. *More...*
- **National Highway Authority of India (NHAI) has floated tenders for five road projects** worth over US \$ 460 million, which are part of NHAI's Golden Quadrilateral project and East-West Corridor project. *More...*
- US-based GE Money has embarked on a major retail finance expansion in India. From a current presence of 118 branches in 50 cities, **GE Money is expanding its presence to 228 branches across 110 cities in India**. GE has established a large presence in India with a revenue of \$800m, making it one of the largest foreign companies in the country. GE's President & CEO Jeffry Immelt while on a visit to India said that GE hopes to more than quadruple its India turnover to \$5bn by 2010 by expanding in financial services, healthcare and infrastructure. Mr. Immelt said the company is looking forward to growing organically in the banking and finance sector and will look at acquisitions as and when the opportunities come and the regulations change.
- Morgan Stanley Capital International (MSCI) managed **MSCI Emerging Markets Index** increased by 3.2 per cent for India as against an overall increase of 0.3 per cent for all emerging markets taken together.
- Riding on improved air connectivity and rising passenger numbers, Indian **airports handled an all time high of 59.3 million passengers in 2004-05** representing 21.7% growth over the previous year,

Visits and Events

- A Global Indian Institutes of Technology Alumni Conference called "Technology Without Borders" was held in Washington, DC from **May 20-22**.
- Former US President Bill Clinton visited India from **May 25-28** as a part of his visits to the tsunami-affected areas in his capacity as Special Envoy for Tsunami Recovery.
- Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India, visited Washington D.C. during **May 30-June 1**, 2005 in connection with the India-US Economic and Energy Dialogues. He also met with the US Treasury Secretary, Mr. John Snow.
- Indian Commerce Minister, Mr. Kamal Nath visited Washington D.C. on **June 1-2**. The Minister delivered the Keynote address at the 30th Anniversary Jubilee meeting of US India Business Council and had meetings with Mr. Rob Portman, the USTR, and other US government officials.
- Minister for Health & Family Welfare, Dr. Anbumani Ramadoss, will be visiting USA on **June 4-7**. He is scheduled to meet Mr. Mike Leavitt, US Health Secretary, and also to sign a joint statement on India US Cooperation in the health sector.
- Chief Minister of the Indian state of Rajasthan, Hon. Vasundhara Raje Scindia is scheduled to visit USA from **June 2-6**, 2005.
- Information Technology Minister of India, Mr. Dayanidhi Maran, will be visiting San Francisco from **June 5-10**. Mr. Maran is scheduled to have various meetings with the corporate sector representatives.
- A one day biotechnology focused High Technology Cooperation Group (HTCG) meeting is scheduled to be held in Washington DC on **June 15**, 2005. India's Minister of State for Science & Technology, Shri Kapil Sibal, is expected to attend the event.



The Prime Minister Dr. Manmohan Singh with the former President of the United States of America, Mr. Bill Clinton in New Delhi on May 26, 2005.