

## POLICY UPDATE

- Indian Minister for Telecommunications and Information Technology Mr. Dayanidhi Maran in a Press Conference at New Delhi on June 15 said that the Telecom Department was giving finishing touches to the **National Telecom Policy 2005**. In the New Policy, a single unified rate for telecom services would be introduced thereby removing the distinction between STD and local calls and the segmentation of the national markets into different circles. Thus, any call made within the country would be charged at one single rate. The new telecom policy would also provide for wireless technologies like WiMax and more liberal voice over IP. Mr Maran also said Department of Telecommunication was holding discussions with stakeholders - both CDMA and GSM players - on the matter of spectrum and 3G services. Once there was clarity, the spectrum policy would be taken to the Cabinet. *More...*

Mr. Maran also visited US recently to promote and project India as a strategic hub for manufacturing, marketing, R&D and Services in IT sector. He met with Chairmen and CEOs of major IT companies that included Intel, UT Starcom, Flextronics, Cisco, AMD, Solectron, and KLA-Tencor.



Indian Minister for Communications and Information Technology, Mr. Dayanidhi Maran and Chairman, Intel, Mr. Craig Barrett at San Francisco on June 07, 2005.

- the No Objection Certificate (NOC) from the Ministry of I&B. *More...*
- India's Ministry of Finance has issued notifications on June 7 thereby extending the base of **service tax** to include nine new services and expand the scope of existing 12 services under the tax net. These changes shall come into effect from 16th June, 2005. A number of service tax exemptions have also been provided to give an impetus to the infrastructure, construction, shipping and ports, and gems and jewellery sectors. Further, a clarification has been made that taxable services like advertising services received from outside India by an Indian customer, e.g., a person who has his place of business or fixed establishment or his permanent address or usual place of residence in India, will be taxed at the hands of the Indian recipient. *More...*
- Government of India has revised policy on **External Commercial Borrowings (ECB)**. ECB can now be accessed under two routes, namely, (i) Automatic Route and (ii) Approval Route. Under automatic route ECB could be undertaken (a) up to US \$20 million or equivalent with minimum average maturity of 3 years, or (b) above US \$20 million and up to US \$500 million or equivalent with minimum average maturity of 5 years. All cases, which fall outside the purview of the Automatic Route, will be decided by an Empowered Committee of Reserve Bank of India. The eligibility/end-use for availing ECB has also been expanded. *More...*
- Reserve Bank of India have issued a notification on June 7, 2005 whereby **banks in India could freely fund Indian companies for acquisitions of equity in overseas joint ventures**. Until now promoters' contribution towards the equity capital of a company was to come from their own resources and banks were normally not granting advances to buy shares of other companies. *More...*
- India has removed the requirement of licence for use of low power devices and simplified amateur radio licences in pursuance of the **simplification of wireless licensing procedures in telecom sector**. Accordingly use of low power devices (1 milliwatt) for Electronically Operated Cranes on selected frequencies and use of low power equipment in the frequency band 26.957 - 27.283 MHz commonly known as Citizen Band, with 5 Watt Effective Radiated Power and built-in antenna, on non-interference, non-protection and shared (non-exclusive) basis have been de-licensed. In addition, the Radio Amateur licenses have also been simplified allowing issuance of such licenses for a period of '20 years' or for 'life time' at the option of the applicant, instead for a maximum period of 5 years allowed so far. *More...*
- The foreign investment cap under non-news category** in India has been enhanced by Government of India from 74 percent to 100 percent in the case of entities publishing scientific/ technical/specialty magazines / periodicals/ journals. The FDI cap in news segment is 26%. In case where both FDI and FII investment is envisaged, the applicant may approach the FIPB/ RBI for clearance after obtaining

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## NEWS HIGHLIGHTS

- **Indo-US trade** crossed US \$19 billion in 2004-05 registering a growth of nearly 20% over the preceding financial year 2003-04. India's exports to the US in 2004-05 were at US \$13.2 billion, showing a growth of 15.45% over the previous year, while India's imports from the US were US \$6.2 billion, showing a growth of 24.96% over the previous year 2003-04.
- **India's trade deficit** more than doubled to US \$7.2 billion in April-May 2005-06 compared to US \$3.3 billion during April-May 2004-05. This was because imports rose at a faster rate of 40.9% compared to exports that grew at 19.8%. The surge in imports was mainly due to non-oil imports which rose at a rate of 43.1% to \$14.9 billion. Oil imports grew by 35.8% to \$ 6 billion. *More...*
- **Jet Airways of India, the Mumbai-based carrier, ordered 30 aircraft** at the Paris air-show on June 15, in a deal worth roughly \$4.4bn. These include an order to Boeing for ten 777-200 long-range and an equal number of 737-800 aircraft and an order with European aircraft maker Airbus SAS for 10 Airbus A330-200 and A330-300 planes with options to buy 10 more in the future. The 777s will be used for Jet's international operations and will have the capability to fly non-stop between India and the US. The 737-800s are for domestic operations and currently form the mainstay of Jet's existing fleet. Jet Airways Chairman Naresh Goyal told that the company's commitment to buy 10 Boeing 777s and 10 single-aisle 737-800 was just the beginning. The airlines plans to use the 777s to be delivered starting late next year to start flying from New Delhi to New York. A Boeing spokesman said Jet intended to buy the aircraft, but that a final agreement is still to be reached. *More...*
- India's vehicle manufacturer **Mahindra & Mahindra Ltd. said it would form a joint venture with US based International Truck & Engine Corp.** to make trucks and buses in India. Mahindra will have a 51% stake in the joint venture, while the US company which is the principal operating unit of Navistar International Corp., will hold the remainder. The venture will start production from 2007. The projected cost of the venture to be named as Mahindra International Ltd. is estimated at Rs. 4 billion (Approx. US \$92 million) over a three year period.
- Domestic production of **India's textile sector witnessed a growth of 18.2 per cent** in 2004-05 against a negative growth of 3.2 per cent in the previous fiscal year.
- **The Indian biotech industry recording a growth of 36.5% in 2004-05 has crossed the billion dollar mark**, clocking revenues of US \$1.07bn. according to the third Biotechnology Industry survey, conducted by BioSpectrum Magazine and the Association of Biotechnology-led Enterprises (ABLE), released at Bangalore on June 3, 2005. The top six companies and their revenues in 2005 were: Biocon (\$149 million), Serum Institute of India (\$116 million), Panacea Biotec (\$50 million), Venkateshwara Hatcheries (\$43 million), Mahyco-Monsanto (\$38 million) and Novo Nordisk (\$31 million).
- **6 Indian IT firms:** Infosys, TCS, Wipro, Cognizant, Satyam and Bharti Televentures have been **included in the Infotech 100 list** of BusinessWeek Magazine - the leading global business news magazine.
- **Technology exports from India** recorded a growth of 34.5% in 2004-05 over \$12.8bn earned in previous fiscal. NASSCOM, the trade body for technology service industry reported this at a press meet.
- US hospitality giant **Marriott International is set to launch its mid-market hotel brand Courtyard at Chennai** in August this year, which will be its first Courtyard hotel in India. Marriott International has 500 Courtyard hotels globally. *More...*
- Indian state of Maharashtra is planning to introduce fast-track approval programme for the big-ticket investors who will get single window clearance from the state machinery in one month for setting up their projects. Such facility would be provided for (i) investment worth Rs 500 crore (approx US \$115 mln.) or that provide employment to 1,000 people in urban places like Mumbai or Pune (A or B type locations); and (ii) investments above Rs 250 crore (approx. US \$ 58 million) or that generate employment opportunities for 500 people, for the less urban or rural places (C or D type locations). With the fast-track programme, **Maharashtra state will issue single window clearance to big investors** in less than a month's time frame. The programme will be meant for the manufacturing and services sector, including sectors like auto, textiles, pharma, engineering, and IT. *More...*
- **Coal India Limited (CIL) has for the first time decided to invite global bids for development of three new mines.** The new mines at Bubaneshwari, Kaniha and Kulda have total mineable reserves of around 24 m tonnes of coal per annum. The successful bidder will be awarded the integrated mine development job on a turn key basis. The move comes at a time when severe shortage of coal has affected thermal power plants. The power sector consumes close to 80% of the 350 m coal produced in the country.

### Visits and Events

- A one day biotechnology focused HTCG meeting was held in Washington DC on June 15, 2005. MOS for S&T Shri Kapil Sibal attended the event. The meeting discussed the cooperation in various areas of biotechnology between the two countries. Bio technology is one of the identified areas of cooperation under HTCG.
- Defence Minister, Mr. Pranab Mukherjee is visiting US on June 26-30, 2005. He is scheduled to meet US Vice-President Mr. Richard B. Cheney, US Secretary of State - Dr. Condoleezza Rice, US Defence Secretary - Mr. Donald H. Rumsfeld, and US National Security Adviser - Mr. Stephen Hadley.
- National Security Advisor, Mr. M K Narayanan will visit Washington on June 16-20. He will have his first formal meeting with his US counterpart Mr. Stephen Hadley and is also expected to meet US Secretary of State - Dr. Condoleezza Rice, US Energy Secretary - Mr. Samuel Bodman and Chief Economic Advisor to President - Mr. Allan Hubbard.
- Chief Minister of the Indian state of Maharashtra, Mr. Vilasrao Deshmukh is visiting US from June 18 to July 2, 2005. He will attend BIO 2005 at Philadelphia and meet various corporate sector representatives at New York, Santa Clara, Seattle and Atlanta.
- Health and Family Welfare Minister of India, Dr. Anbumani Ramadoss visited USA from June 1-12. He attended a High level meeting on HIV at UN General assembly on June 2 at New York, and signed India and the United States Joint Statement on renewed collaboration relating to emerging infectious diseases at Washington D.C. on June 7.



*Dr. Anbumani Ramadoss (r) Indian Health Minister, Mr. Mike Leavitt (C) US Health Secretary and Indian Ambassador Ronen Sen (L).*