



POLICY UPDATE



India's Prime Minister (R) and Singapore Prime Minister (L) in New Delhi on June 29, 2005.

- Indian Prime Minister Mr. Manmohan Singh and Prime Minister of Singapore Mr. Lee Hsein Loong signed the **Comprehensive Economic Cooperation Agreement (CECA) between India and Singapore** on June 29, 2005 in New Delhi. This is India's first CECA with any country.

The Agreement is an integrated package comprising trade in Goods and Services, an agreement on Investments, mutual recognition agreements in conformity assessment of standards in goods, mutual recognition agreement in Services, cooperation agreements in customs, science and technology, education, e-commerce, intellectual property and media.

In trade in goods, India's offer is categorised in four lists — the early harvest programme where the customs duty would be eliminated immediately on the entry into force of CECA (506 lines); the phased elimination (2202 lines) and phased reduction (2407 lines) where the tariffs would be eliminated/reduced in a phased manner up to the year 2009 and the negative list (6551 lines) where no concessions have been

offered. Singapore has offered all products made in India entry at zero duty into Singapore.

In Services, India and Singapore have taken commitments beyond their offer at the WTO. A crucial component in services is the provisions relating to movement of natural persons (Mode 4). In Mode 4, mutual recognition agreements will be entered into within a period of 12 months in architecture, accountancy and medicines. Around 120 professions are being recognised from India for the purpose of obtaining visas".

India and Singapore have committed to opening investments on a positive list basis with features in-built for protecting investments made by each other in either country. India would treat three Singapore banks in India on par with domestic commercial banks, and Indian banks already operating in Singapore to qualify for national treatment. *More . . .*

- India's **Citizenship (Amendment) Ordinance, 2005** was promulgated on June 28, 2005. The Ordinance amends the Citizenship Act, 1955 whereby persons of Indian origin, who or whose parents/grand parents migrated from India after 26th January, 1950 or were eligible to become Indian citizen on 26th January, 1950, and their minor child, whose present nationality is such a country which allows dual citizenship in some form or the other will become eligible to be registered as overseas citizens of India. This provision is extended to such citizens of all countries other than those who had ever been citizens of Pakistan and Bangladesh.

The application form has been simplified bringing in clarity and transparency. Instead of separate application form for each person, one application form for four persons to include spouse and up to two minor children to apply together has been provided for. Besides, in addition to applying in their country of citizenship, a person would also be able to apply in the country where he/she is ordinarily residing. The condition of oath of allegiance has been done away with. The fees for OCI would be \$ 275 and for PIO card holders \$ 25. Indian missions would be authorized to grant OCI within 15 days for applicants having no criminal record.

OCI will be issued a new type of visa called 'U' visa which is multi-purpose, multiple entry with no time limit on length of stay without requirement from police reporting. OCI would also be granted all rights in the field of economic,

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financial and educational fields in parity with NRIs. However, they will have no right with respect to acquisition of agricultural or plantation properties. The Ministry of Home Affairs may be in position to roll out this scheme possibly by 15th August, 2005. [More . . .](#)

- The Reserve Bank of India on June 28 placed the **draft guidelines on credit cards** on its website (www.rbi.org.in). The guidelines provide a Regulatory Mechanism for each bank / NBFC to have a well documented policy and a Fair Practices Code for credit card operations.
- India's Commerce Minister Mr. Kamal Nath, called for policy space in WTO negotiations and strongly opposed acceptance of the Swiss formula in NAMA that sought to harmonise tariff lines around the same co-efficient in an address at the stake-

holder consultation Workshop on "Pre-Hong Kong WTO Ministerial Meeting Consultation: Non-Agricultural Market Access (NAMA) Negotiations", organized on June 28 jointly by India's Department of Commerce and UNCTAD. [More . . .](#)

- Indian government on June 30 **approved the notification of Phase-II policy on FM Radio Broadcasting Services** through Private Agencies. The new policy also allows 20% FDI in the sector and envisages starting of 336 FM radio stations in 90 cities, including the 10 'A' class cities. Operators would be required to pay only four per cent of their earnings as licence fee, besides a one-time entry fee. No company can have more than 15 per cent of radio stations on offer and cannot operate more than one station in each city. [More . . .](#)

NEWS HIGHLIGHTS

- **India's economy grew 7.0 per cent** in the January-March quarter compared with the same period a year ago. Growth for the whole of fiscal 2004-05 was in line with the government's forecast of 6.9 per cent. **India's per capita income rose by 5.2 per cent** during 2004-05. [More . . .](#)
- As per statistics released by Reserve Bank of India on June 30, **India's Balance of Payment** for the year 2004-05 stood at US \$ 26.2 billion as against \$ 31.4 billion in 2003-04. Current account slipped into a modest deficit of US \$ 6.4 billion after a three-year span of continuous surpluses. [More . . .](#)
- **India's External Debt** was US\$120.9 billion at end December, 2004 against US\$112.8 billion at end-December 2003, as per the status report released on June 24. [More . . .](#)
- Revenue collections have grown by 28-30% in Indian states that have adopted **VAT**. (Economic Times, June 22, p.15)
- The Prime Minister of India, Dr Manmohan Singh, on June 28 chaired a special meeting to review steps taken by the Government and by industry to deal with the challenge of cyber crime and to ensure **data secrecy** in the business data processing industry.
- Gujarat State Petroleum Corporation (GSPC) has announced that **gas worth \$50bn has been found** through exploration in Krishna Godavari basin, off Andhra Pradesh coast in the Bay of Bengal. GSPC has estimated the reserves to be 20 trillion cubic feet (tcf) and of which it should be possible to pump out 40-50m cubic metres of gas every day. [More . . .](#)
- **BSE (Bombay Stock Exchange) Sensex of India crossed 7000 mark** on June 21. Since then BSE sensex has fluctuated around that level and surged to a new high to cross 7200 mark on June 30, 2005. The \$17bn invested by FIIs over the past two years has also powered the surge in the BSE sensex. As of now, FIIs own 18% of the free-float of BSE 200 companies.
- India based **Videocon group is acquiring French company Thomson's four colour picture tube manufacturing plants** located one each in Poland and Mexico, and two in China for Euro 240 mn. [More . . .](#)

Visits and Events

- India's Defence Minister, Mr. Pranab Mukherjee, visited US at the invitation of the US Secretary of Defence, Donald Rumsfeld. He held meetings with Vice President Richard Cheney, Secretary of State, Condoleezza Rice, National Security Adviser, Stephen J. Hadley. During his visit India and the US have signed a document entitled '**New Framework for US-India Defence Relations**' on June 28 at Washington D.C. The document sets the framework for US-India defence relations for the next 10 years and visualizes an enhanced level of cooperation covering military to military relations as well as a defence industrial and technological relationship. The Defence Minister also attended a Defence Industry Round Table, organized by the US-India Business Council in cooperation with FICCI, on June 27, 2005. [More . . .](#)



India's Defence Minister with US Vice President Dick Cheney at the White House on June 27, 2005.