



## POLICY UPDATE

- Foreign banks would be allowed to open 20 branches a year in India as against 12 now. At present, about 40 foreign banks have over 225 branches in India. At the end of 2004-05, total assets of foreign banks aggregated approx. \$31 bln. constituting 6.9% of the assets of all scheduled commercial banks of India. **More...**
- The Draft Patents (Second Amendment) Rules, 2005 has been notified **More...** Suggestions/comments on the proposed amendments have been invited by February 3, 2006. **More...**
- 35 non-metro airports of India would be upgraded to international standards in 3 phases by Airport Authority of India(AAI). 10 Airports at Ahmedabad, Amritsar, Guwahati, Jaipur, Udaipur, Trivandrum, Lucknow, Goa, Madurai and Mangalore would be upgraded in Phase I during 2006 to 2008. 15 and 10 more airports would be upgraded in next two phases respectively. **More...**
- India's New Power Tariff Policy in compliance with Electricity Act 2003 has been announced. Rationalization of electricity tariffs and reduction of the cross-subsidies within a band of  $\pm 20\%$  would be completed by the end of year 2010-11. **More...**

Ministry of Power has also released a brief report on Policy initiatives and progress in power sector in 2005. The report notes the following as the major initiatives taken:

- Dabhol project revived by constituting a joint venture company by the name of Ratnagiri Gas and Power Private Limited which is expected to start generating power by middle of 2006.
- Process to set up 4 Ultra-Mega Power Projects with capacity of 4,000 MW each has been initiated. Two of these are to be located at coastal sites of Gujarat and Karnataka based on imported coal. The other two sites are pit head sites one each to be located at Madhya Pradesh and Chattisgarh.
- Rajiv Gandhi Rural Electrification Programme introduced to provide electricity to all households.

**More...**

- Indian government proposes to allow External Commercial Borrowing facility to the Multi State Co-operative Societies. **More...**
- The bidding process for private FM radio in India is under progress. **More...**
- The International Centre for Alternative Dispute Resolution (ICADR), an autonomous organization under the Indian Ministry of Law and Justice, has entered into cooperation agreements with four international organizations for mutual exchange of information, assistance in conducting proceedings, and organizing training to promote alternative methods of settling disputes other than courts. **More...**

## NEWS HIGHLIGHTS

### General News

- India topped a global survey of business confidence among mid-sized companies, conducted by UK based accounting firm Grant Thornton in 30 countries and among 7,000 business chiefs. The same survey finds that Mergers and acquisitions (M&A) in India are on the rise and that Indian companies acquired more international business than foreign companies acquiring Indian business. **More...**
- FII inflow into India is on the rise. Net FII inflow in 2005 amounted to \$10.11 billion, increased from \$8.52 billion in 2004. **More...**

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- 2,000 software patent applications filed in India in 2005. 85% of these have been filed by MNCs. Indian patents law has recently allowed patents for computer-related inventions like applied softwares used in cars, washing machines and music systems. Earlier only embedded software linked with hardware was allowed patents. With more and more MNCs setting up research labs in India, the number of patents application are likely to increase further. [More...](#)
- Indian companies raised more than \$4 billion of foreign capital through GDR and FCCB (Foreign Currency Convertible bonds) route during April-November 2005. This is 120% higher than in the previous year. [More...](#)

## Corporate News

- Air-India has signed the agreement with Boeing to purchase 68 aircraft worth more than \$11 billion at list prices. Boeing would invest \$185 billion in India for regional maintenance, repair and overhaul (MRO) base and a pilot training facility. Boeing also proposes to buy \$1.9 billion worth of aviation-related equipment from India. [More...](#)
- Jet Airways is likely to buy Air Sahara for \$560 million approx. The merger would create the largest Indian airline in terms of fleet, turnover and valuation and would command over 50% domestic market share. [More...](#)
- Oracle plans to add 1,400 employees and expand its operations in nine more cities of India. Oracle already operates in six Indian cities with 8,600 workforce. [More...](#)
- Mercedes Benz S-Class, E-Class and C-Class cars have witnessed the highest-ever sales in India. [More...](#)
- Conexant Systems Inc, a fables semiconductor company of US, has announced to make India its design base. [More...](#)

## Visits and Events

- The Fourth Pravasi Bhartiya Diwas-2006 was held on January 7-9, 2006 at Hyderabad. Highlights include (i) launching of the Overseas Citizenship of India (OCI) scheme, (ii) signing of MoU between Ministry of Overseas Indian Affairs and American Association of Physicians of Indian Origin (AAPI) for healthcare in rural areas, and (iii) launching of *Remittance gateway* that would enable NRIs to remit money from one account to the other instantly through 14,509 branches of UTI Bank and its associates across the world. [More...](#)



*The Prime Minister Dr. Manmohan Singh presenting the first OCI card to NRI Ms. N. Rai at the Pravasi Bharatiya Divas, in Hyderabad on January 7, 2006.*

**Photo credit: PIB**

- “Auto Expo-2006” held in New Delhi on January 12-17, 2006. More than 1,000 participants including 300 from overseas exhibited their products. [More...](#)
- The US and India concluded the First Workshop of the Civil Nuclear Working Group on January 12, 2006 at Mumbai. [More...](#)
- A six member delegation consisting of high level officials from Department of Consumer Affairs, Forward Markets Commission, National Commodities & Derivatives Exchange of India, Multi-Commodity Exchange of India, and National Multi-Commodity Exchange of India visited US on January 9-17, 2006. They held various meetings with their US Counterparts in Washington D.C. and in New York. [More...](#)
- US Senator and former Democrat Presidential candidate Mr. John Kerry visited India on Jan 11-12, 2006.
- A US Congressional delegation led by Democrat Senator Mr. Max Baucus is on a visit to India.