



POLICY UPDATE

- The Approach Paper to the 11th Five Year Plan of India has been finalized and sent to the State Chief Ministers for feedback. Following a GDP growth of 9.3 per cent in India during the last quarter of 2005-06, the Planning Commission has set the target of an average growth rate of 8.5 per cent during the 11th Five Year Plan period (2005-2012). The approach paper notes that to attain this high growth the focus would broadly be on agriculture for which a second Green Revolution is urgently needed. In the manufacturing sector, the focus would be on increasing competitiveness and removing input bottlenecks, especially unreliable power. The thrust of the Plan is achieving faster and more inclusive growth to empower the poor by expanding access to health, education, and special livelihood support schemes and programmes.
- The Reserve Bank of India, with effect from June 8, 2006, increased the repo and reverse repo rates, the rates at which it borrows from and lends to banks, by 25 basis points to 6.75% and 5.75% respectively, These rates were earlier increased by 25 basis points to 6.5% and 5.5% on January 24, 2006. *More...*
- Indian Government has decided to extensively review all circulars, instructions and clarifications on matters relating to levy and collection of service tax. Views, comments and suggestions from all concerned have been sought by July 3, 2006. *More...*
- The Central Board of Excise & Customs of India has issued a circular implementing changes brought about in the Annual Supplement to the Foreign Trade Policy effective April 1, 2006. The Circular has introduced simplifications of EOUs. *More...*

NEWS HIGHLIGHTS

- Indian Industrial sector has grown by 9.5% in April 2006 with manufacturing sector recording a robust growth of 10.4%. *More...*
- Garment exports from India with a growth of 32% touched \$8200 million in 2005-06. *More...*
- The Indian IT-ITES industry has recorded 33% growth in exports, clocking revenues of \$23.6 bln in 2005-06. *More...*
- The upward trend in the number of new telecom subscribers in India is continued. The overall teledensity improved to 13.46% in May 2006 with mobile subscribers crossing 100 million having an average daily addition of 140 thousand lines. *More...*
- BSE sensx after reaching a six-month low of 8929 points on June 13, 2006 gained over 900 points closing at 9885 on June 15, 2006. *More...*
- Number of enterprises in India increased by 4.8% per annum since 1998 to reach 42.12 million in 2005. Employment in these enterprises increased by 2.49% per annum and stood at 98.97 million in 2005. *More...*

Corporate News

- IBM is planning to invest \$6 bln in India over the next three years. This was announced by IBM Chairman & CEO Samuel J. Palmisano during his recent visit to Bangalore on June 6, 2006. The investment will be mainly in the areas of research, software, hardware and computer services. IBM has already invested \$2 bln. in India. *More...*
- Ranbaxy Laboratories of India has acquired 96.7% stake in Terapia SA, a Romania based pharmaceutical company for \$324 million. *More...*
- Electronic Data Systems (EDS) of US acquired majority stake (51.4 percent) in Mphasis BFL Ltd. for \$380 million in cash. *More...*

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- Punj Lloyd Ltd, an engineering construction company of India in a joint venture with Whessoe oil & gas company of UK has bagged a \$93.44 million contract for completing the Dabhol liquefied natural gas (LNG) terminal project in India. [More...](#)
- LG Electronics has launched its greenfield facility for Optical Disk Drive (ODD) products in Pune. [More...](#)
- Infosys has entered into a partnership with Northstar to deliver consulting services and application development for NorthStar. [More...](#)
- Bell Helicopter has tied up with several Indian laboratories for research in cutting edge technology. [More...](#)
- Rolls-Royce is planning to source design and R&D services from India. [More...](#)

Visits and Events

- Indian Agriculture Minister Mr. Sharad Pawar visited New York and Washington D.C. on June 4-8, 2006. He met US Secretary for Agriculture Mr. Mike Johanns, US Senator Saxby Chambliss the Chairman of the Committee on Agriculture, Nutrition and Forestry, and the eminent Agriculture Scientist Dr. Norman Borlaug.. Mr. Sharad Pawar visited New York Board of Trade, New York Mercantile Exchange and International Food Policy Research Institute. [More...](#)
- The third meeting of the US-India Agricultural Knowledge Initiative (AKI) Board was held at Washington DC on June 6-7, 2006. The Board discussed progress in the four focus areas: university capacity building; food processing and marketing; biotechnology; and water management; and announced a number of deliverables. US Secretary



Indian Agriculture and Consumer Affairs Minister Mr. Sharad Pawar with Dr. Norman Borlaug at Washington DC on June 6, 2006.



Indian Agriculture and Consumer Affairs Minister Mr. Sharad Pawar and US Secretary for Agriculture Mr. Mike Johanns at the AKI Board Meeting at Washington DC on June 7, 2006.

Mr. Mike Johanns, Indian Minister Mr. Sharad Pawar, and AKI Honorary Advisor Dr. Norman E. Borlaug addressed the third AKI Board meeting.

- Indian Minister of State for Industry, Dr. Ashwani Kumar, led a delegation to Greenbrier (West Virginia) to participate in a meeting with about 50 leading CEOs of American Petrochemical companies. Members of the Indian delegation made presentations on FDI Policy and investment opportunities in India in general and FDI in Petrochemical sectors in particular. Representatives of the five state governments from Karnataka, Gujarat, West Bengal, Orissa, and Andhra Pradesh made presentations on their proposed investment regions and apprised the CEOs about the facilities that the respective State Government would provide in these regions. [More...](#)
- Indian Minister for Science and Technology Mr. Kapil Sibal, Member Planning Commission Mr. Kirit Parikh, former Finance and

External Affairs minister Mr. Yashwant Sinha, Deputy Governor RBI Dr. Rakesh Mohan, Member of Parliament Mr. Jay Panda, Punjab Finance Minister Mr. Surinder Singla, and Deputy Chairman Bihar Planning Board Mr. N.K. Singh, attended the annual conference of Stanford Center for International Development on “Challenges of Economic Policy Reform in Asia” held on 31 May to 3 June 2006.

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- A business delegation from Houston led by Miguel R. San Juan, Senior Vice President, Greater Houston Partnership is on its first international trade development mission to India from June 12 to 17, 2006. [More...](#)