



POLICY UPDATE

- India has awarded contract for import of 2.2 million tonnes of wheat at a value of \$435 million to be imported between September 2006 and January 2007. US companies Archer Daniels Midland (ADM) and Cargill have been awarded contracts amounting to 300,000 tonnes for \$59.5 million and 405,000 tonnes for \$81.6 million respectively. India is importing wheat at zero per cent import duty for the first time in six years to replenish its buffer stocks and to control rising domestic wheat prices. India has further decided to allow private parties to import wheat at a concessional tariff of 5% against the normal import duty for wheat at 50% with effect from June 28, 2006. Imports would be allowed under Open General License at same quality standards as notified for the public sector imports under the State Trading Corporation. Earlier Government of India had allowed import of pulses at zero duty till March 31, 2007 and sugar at nil basic customs duty till September 30, 2006 to control prices. **More...**
- India has revised plant quarantine regulations pertaining to the import of almonds and notified that with effect from July 12, 2006 imports of almonds into India will be permitted if they are fumigated with phosphine. During the last two years, as an ad-hoc measure, India allowed import of Almonds when fumigation was done by Methyl Bromide at the port of arrival. The change is expected to benefit US almond growers. India's almond imports from US accounted for US \$127 million in 2005 with an increase of 28.7% over the previous year. **More...**
- Indian Ministry of Chemicals has prepared a Draft National Pharmaceutical Policy. Salient features of the Policy *inter-alia* include (i) Strengthening of Drug Regulatory System, (ii) Strengthening of patent office infrastructure, (iii) Focus on Research and Development, (iv) Human Resource Development in Pharmaceutical Sciences to meet the growing need of the industry, (v) Encouraging Production of Critical Bulk Drugs in India, (vi) Scheme for setting up Pharma Parks and Greater thrust on Pharma Exports, (vii) Improving pharmaceutical distribution mechanism and ensuring accessibility of the underprivileged to critical drugs and medicines. The Draft Policy would be finalized after receiving comments of the various government departments. **More...**
- The National Statistical Commission of India under the Chairmanship of Prof. Suresh Tendulkar has become operational sine July 12, 2006. The Government of India through a resolution in June 2005 decided to set up the National Statistical Commission (NSC) to serve as a nodal body for all core official statistical activities and to improve the existing statistical system of India. **More...**

NEWS HIGHLIGHTS

- India's merchandise exports grew 40.17% in June 2006. India's exports in the first quarter (April-June) 2006-07 reached \$27.6 billion recording a growth of 32.4%. India's imports at \$40.3 billion during April-June 2006-07 increased by 24.48%. **More...**

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**Foreign Exchange Reserves:
Current and Capital Account Deficit/Surplus**

(in \$ Bln.)

		2005-06	2004-05
I.	Current Account Balance	-10.6	-5.4
II.	Capital Account (net) (a to f)	25.7	31.6
a.	Foreign Investment	18.2	12.2
b.	Banking Capital	1.4	3.9
	<i>Of which: NRI Deposits</i>	<i>2.8</i>	<i>-1</i>
c.	Short-term Credit	1.7	3.8
d.	External Assistance	1.4	1.9
e.	External Commercial Borrowings	1.6	5
f.	Other items in Capital Account	1.4	4.8
III.	Valuation Change	-5	2.4
	Total (I+II+III)	10.1	28.6

- The Reserve Bank of India has released its six-monthly report on Foreign Exchange Reserves. Foreign exchange reserves in India increased from \$5.8 billion at end-March 1991 to \$151.6 billion at end-March 2006. Major sources of increase in foreign exchange reserves in 2005-06 have been: (a) Foreign investment (b) short-term credit and (c) External commercial borrowings. [More...](#)
- The area under Bt cotton cultivation in India is expected to reach 8.1 million acres in 2006 from 72,682 acres in 2002 when India approved cultivation of Bt Cotton for the first time. The Genetic Engineering Approval Committee in the Ministry of Environment and Forest have said that about 121 Bt cotton hybrids are under various stages of field trials. [More...](#)
- Telecom service providers in India posted revenues of about US \$20 billion in 2005-06, a growth of 30 per cent over last year says Voice & Data magazine. [More...](#)

Corporate News

- Mittal Steel would invest about \$8.7 billion in one or possibly two steel plants in eastern India, said Mittal Steel Chairman and Chief Executive Lakshmi Mittal. [More...](#)
- Industrial Development Bank of India (IDBI) and the Fortis Insurance International of Netherlands have signed a Memorandum of Understanding (MoU) to set up a life insurance company called IDBI Fortis in India. [More...](#)
- Aurobindo Pharma Limited has acquired a US FDA compliant cGMP (current good manufacturing practices) facility in Dayton, New Jersey. [More...](#)
- Japanese auto giant Honda Motor Co. plans to double its production capacity in India by next year, set up a fully owned subsidiary and invest about \$650 million over the next 10 years to expand its business in India said Takeo Fukui, President & CEO of Honda during his recent visit to India. [More...](#)

Visits and Events

- Dr. Anbumani Ramadoss, Indian Minister for Health & Family Welfare, received the Luther L. Terry Award of The American Cancer Society for International Tobacco Control efforts, at a ceremony held at Washington, DC on July 14, 2006.
- Minister for Overseas Indian Affairs visited US on June 28-July 2, 2006. He addressed the conventions of community leaders and businessmen of Indian origin in Los Angeles, San Francisco, Atlanta and Washington, DC. [More...](#)
- Third Meeting of the India-US Working Group on Oil & Gas will take place at Washington, DC on July 20-21, 2006.