



POLICY UPDATE

- India's Board of Approvals for Special Economic Zones (SEZs) in its meeting on September 28, 2006 have given 18 formal approvals and 13 in principle approvals for establishment of SEZs in India including in principle approval to POSCO SEZ in Orissa with an investment of over \$11.7 billion. With this, number of approved SEZs in India has gone up to 181. As of now, 14 SEZs are functional in India and another 61 SEZs are at various stages of establishment. *More...*
- India has finalized bids for award of 10 Blocks for coal bed methane under CBM III.
 - Four blocks would be awarded to the consortium of Reliance Energy Limited – Reliance Natural Resources Limited – GeoPetrol International Inc.;
 - three blocks to be awarded to a consortium of Arrow Energy (India) Pvt. Ltd. – GAIL India Ltd. – Energy Infrastructure Group A.B. – Tata Power Company Limited;
 - two blocks would be awarded jointly to Coalgas Mart Llc. (Coalgas) and Deep Industries Limited (DIL); and
 - 1 block would be awarded to BP Exploration (Alpha) Limited (BPE).

India is looking forward to increase CBM gas availability as a source of commercial energy in the country. *More...*

- Shipping Corporation of India would acquire six Long Range –1 Product tankers of 60,000 Dead Weight Tonnage at a price of \$61.80 million each involving a total investment of \$370.80 million. The acquisition will lead to replacement of Shipping Corporation's ageing Product tankers to meet the increased demand for Products exports and coastal transportation in the coming years. *More...*
- Government of India has given its approval for 69 million cu.mtr. of dredging in 4 packages to M/s. Dredging Corporation of India (DCI) in Sethusamudram Ship Channel Project (SSCP). The SSCP Project envisages cutting of a ship channel to connect the Gulf of Mannar and Palk Bay between India and Sri Lanka to save upto 424 nautical miles of sailing distance and upto 30 hours of sailing time for ships between east and west coast of India. The cost of the dredging project is likely to be around \$460 million. *More...*
- India would set up 100,000 rural Common Services Centers (CSC) across India to provide high quality and cost-effective video, voice and data content online services, to facilitate e-governance, and online filling up of specific forms etc. in the areas of education, health, telemedicine, entertainment and other private services through broadband internet connectivity. CSCs would be set up through public-private partnership at an estimated cost of \$1.27 billion. *More...*
- Government of India has unveiled an "Automotive Mission Plan-2016" to make India a global hub of automobiles and auto components. Suggestions of the Industry and other stakeholders have been sought at the earliest. *More...*

NEWS HIGHLIGHTS

- Reserve Bank of India has released India's balance of payments statistics for the first Quarter (April-June) 2006-07. Accordingly, net invisibles recorded a surplus of \$12.4 billion, software exports amounted to \$6.4 billion, and receipts on account of Business Services amounted \$4.5 billion. The merchandise trade deficit increased to \$18.5 billion resulting in a current account deficit of \$6.1 billion in Q1 of 2006-07 compared to \$3.6 billion in the corresponding quarter last year. In the capital account, net inflows under external

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commercial borrowings (\$3.6 bln), foreign direct investment (\$1.7 bln) and banking capital (\$5 bln) recorded steady increase resulting in higher net capital flows. Foreign exchange reserves of India recorded an increase of \$11.3 billion during April-June 2006. [More...](#)

- India's merchandise exports during April-August, 2006 increased by 34.48% to \$48 billion. India's imports increased by 28.39% to \$68.3 billion during the same period. [More...](#)

Corporate News

- Hyundai Motor will invest \$500 million in a new engine and transmission plant in Chennai. Hyundai Motor recently launched its midsize car Verna in India and also opened its outlet in Hyderabad. [More...](#)
- Taj Group would acquire Ritz-Carlton in Boston for \$170 million. Earlier Taj Group has acquired Pierre in New York for \$50 million. [More...](#)
- i-flex Solutions has acquired Mantas an anti-money laundering and compliance software vendor of US for \$122.6 million. [More...](#)
- Mahindra & Mahindra would acquire 67.9% stake in Germany's forging company Jeco Holding at approx. 140 million Euros. [More...](#)
- Air Deccan of India has entered into a \$150 million agreement with Lufthansa Technik of Germany to maintain Air Deccan's aircrafts.
- MetroCorp, a consortium of international investment bankers, has entered into a partnership with Jurong Construction of Singapore to establish an integrated township in Amritsar. [More...](#)
- DLF group and Hilton have entered into a deal to jointly set up a hotel chain across India. [More...](#)
- Wockhardt has acquired Pinewood Laboratories a generic drug manufacturer of Ireland for \$150 million. [More...](#)
- Yahoo! is planning to launch six new portals in various Indian regional languages. MSN has already launched its portal and MSN messenger service in various Indian regional languages.
- Himachal Futuristic Communications has received a license from Qualcomm to develop CDMA mobile handsets in India. [More...](#)
- Starbucks has selected RPG group as its partner and master franchisee in India. [More...](#)
- Apollo Hospitals has entered into a partnership with JP Morgan, to set up a multi-specialty hospital in India. [More...](#)
- AES Corporation has received initial clearance from the Foreign Investment Promotion Board (FIPB) of India to set up a power plant in Chattisgarh. [More...](#)
- Hines, a property developer of US, is planning to invest approximately \$1 billion in Indian real estate market [More...](#)
- ONGC of India and Sinopec International of China have jointly acquired the Colombian arm of Omimex Resources, an oil exploration company of US for \$850 million. [More...](#)

Visits and Events

- Indian Defence Minister Mr. Pranab Mukherjee visited the US on September 20-25, 2006. The Defence Minister led Indian delegation to the 61st session of UN General Assembly. [More...](#)
- Indian Minister of State for Industry, Dr. Ashwani Kumar led an Indian delegation to the 3rd India Investment Forum jointly organized by Euromoney and Institutional Investor at New York on September 25-26, 2006. Indian delegation to the forum included Mr. R. V. Shahi, Secretary, Ministry of Power, Mr. T. Sankaralingam, CMD, NTPC, Mr. Ajay Prasad, Secretary, Civil Aviation and representatives from Larsen and Toubro, Reliance Industries, Bajaj Auto Limited, Dr. Reddy's Laboratories, Unitech Limited, HDFC, Bharat Forge Limited, Dabur and Indian Hotels Co. Limited. [More...](#)



The Defence Minister Mr. Pranab Mukherjee meeting the US Secretary of State Dr. Condoleezza Rice in New York on September 21, 2006.