



POLICY UPDATE

- Reserve Bank of India has increased Cash Reserve Ratio for all Banks in India by 50 basis points to be made effective in two stages – from 5.0% to 5.25% from December 23, 2006 and to 5.50% from January 6, 2007. Cash Reserve Ratio is the percentage of a bank's total deposits that the bank must maintain as the minimum cash reserves. **More...**
- A Limited Liability Partnership Bill 2006 has been introduced in the Parliament. The Bill aims at introducing the Limited Liability Partnership(LLP) as a new business model in India. While LLP will be a segregate legal entity liable to the full extent of its assets, liability of its partners would be limited to their agreed contribution in the LLP. **More...**
- Implementation of VAT has been encouraging in India. The new system has been received well by all the stakeholders and has helped putting in place a uniform and transparent system of taxation across the States. During 2005-06, the tax revenue of 25 VAT implementing States/UTs registered a growth rate of about 13.8% as compared to 2004-05, which was higher than their Sales Tax revenue growth for last 5 years till 2004-05. During April-October 2006-07, the tax revenue of 30 VAT implementing States/UTs has registered a growth rate of 26.1%. Two states, namely, Tamil Nadu and Uttar Pradesh, and one Union Territory, namely, Puducherry are yet to implement VAT. Tamil Nadu has decided to implement VAT from 1st January, 2007 whereas Puducherry proposes to implement VAT from 1st April, 2007. **More...**
- A consortium of companies from Singapore would set up a special economic zone (SEZ) in India. Governments of India and Singapore will play a facilitating role. **More...**
- Reserve Bank of India has placed a draft comprehensive guidelines on derivatives in their website **More...** The draft will be open for comments for a period of six weeks. Comments on the draft guidelines may be sent by email to sbanerjee@rbi.org.in; senthil@rbi.org.in; minalajain@rbi.org.in

NEWS HIGHLIGHTS

- World Bank in its Global Economic Prospects 2007 has projected India to grow by 8.7% in 2006. **More...**
- India has added petroleum products refining capacity of about 16.5 million tones during the first 8 months of the current fiscal year. Indian Oil Corporation has added 6 million tones and ESSAR Oil has added 10.5 million tones. With this total petroleum products refinery capacity in India has reached 148.97 Million Metric Tones Per Annum (MMTPA) up from 132.97 MMTPA as on 1st April, 2006. **More...**

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- India clocked 694 merger and acquisition deals worth \$24.06 billion during January-November 2006 (excluding the Tata-Corus transaction) as against 467 deals worth \$18.2 billion during the whole of 2005. [More...](#)
- The Indian PC market – desktop and notebook – grew by 24% during July-September 2006, with HP retaining the top slot with 21% market share, followed by HCL with 12% market share and Lenovo with 9% share. [More...](#)
- BSE Sensex crossed all time high of 14,000 mark and reached a level of 14,028 on December 6, 2006. [More...](#)

Corporate News

- The French Building Materials major Lafarge would invest more than \$500 million in India to expand cement production capacities by six million tonnes. Total cement production capacity of Lafarge in the Indian market currently stands at around 5.5 million tons. Lafarge entered India in 1999. [More...](#)
- Fiat Auto and Tata Motors have announced an agreement for formation of a joint venture plant at Maharashtra to produce in excess of 100,000 cars and 200,000 engines and transmissions yearly for both Indian and overseas markets. [More...](#)
- 3M Electro & Communication has entered into an agreement to acquire the cable accessories division of Mahindra Engineering & Chemical Products Limited. [More...](#)
- Bharti Airtel has entered the US market with the launch of its callhome service for non-resident Indians at 7.9 cents a minute. [More...](#)
- Indian Oil has signed an MoU with SINOPEC of China for hydrocarbon cooperation. [More...](#)

Visits and Events

- India and US would sign a MoU for developing an Aviation Cooperation Programme (ACP) The specific objectives of ACP are: (i) to promote increased safety, operational efficiency and system capacity in the Indian aviation sector; (ii) to facilitate and coordinate aviation industry training and technical ties between the US and India; and (iii) to strengthen overall US-India aviation cooperation. [More...](#)
- A Ministerial Roundtable of Energy Ministers of five major oil importing countries, namely, India, US, China, Japan and Republic of Korea, would take place in Beijing on December 16, 2006.
- A State Level Renewable Energy Park has been inaugurated in Orissa. The park demonstrates most of the new working systems such as solar cooking, lighting, drying, water heating, gasifier, wind generator, bio-diesel power, solar energy drier and models of small hydro power, wave energy, and geothermal energy. [More...](#)



The Prime Minister, Dr. Manmohan Singh and the Japanese Prime Minister Mr. Shinzo Abe, addressing a joint press conference, in Tokyo on December 15, 2006 during the visit of Dr. Manmohan Singh to Japan on December 13-16, 2006.