



POLICY UPDATE

- Special Economic Zone (SEZ) Act, 2005 of India came into force on February 10, 2006. The Act provides for drastic simplification of procedures and single window clearance on matters relating to central as well as state governments. SEZs in India hitherto were functioning under the provisions of the Foreign Trade Policy. The new Act is anticipated to trigger a large flow of foreign and domestic investment in SEZs to the tune of about \$22 bln with employment potential of 500,000 in the next three years. Heavy investments are expected in sectors like IT, pharma, bio-technology, textiles, petrochemicals, auto-components etc. In addition to 8 Export Processing Zones that were converted into SEZ, 7 new SEZs came into operation in India since 2004. Another 110 approved SEZs are at various stages of implementation. *More...*
- Indian Ministry of Company Affairs would be launching e-governance on February 18, 2006 through their new Portal. The Portal would provide a single online window for filing all statutory returns and services that are provided by the Registrar of Companies including incorporation of a new company. The Portal would establish a network of all nationwide offices of the Registrar of Companies and the four Regional Directorates besides the Secretariat at Delhi, and would also provide public access to corporate information. Directors of the companies would be allotted an identification number for electronic identification for e-filing of their documents. In compliance with IT Act 2000, a director, authorized signatories and professionals would be required to acquire a Digital Signature Certificate (DSC). *More...*
- BSNL and MTNL, the Indian telecommunication companies, would launch "One India Plan" w.e.f. March 1, 2006. The Plan would enable the customers to call from one end of India to the other at the cost of Re.1.00 (less than 2.5 US cents) per minute at any time and to any phone either mobile or landline. Reliance has already introduced such plan. *More...*
- Representation of the People Act, 1950 of India would be amended to amplify the definition of "ordinarily resident" for enabling non-resident Indian citizens to enroll in the electoral rolls and exercise their voting rights. *More...*

NEWS HIGHLIGHTS

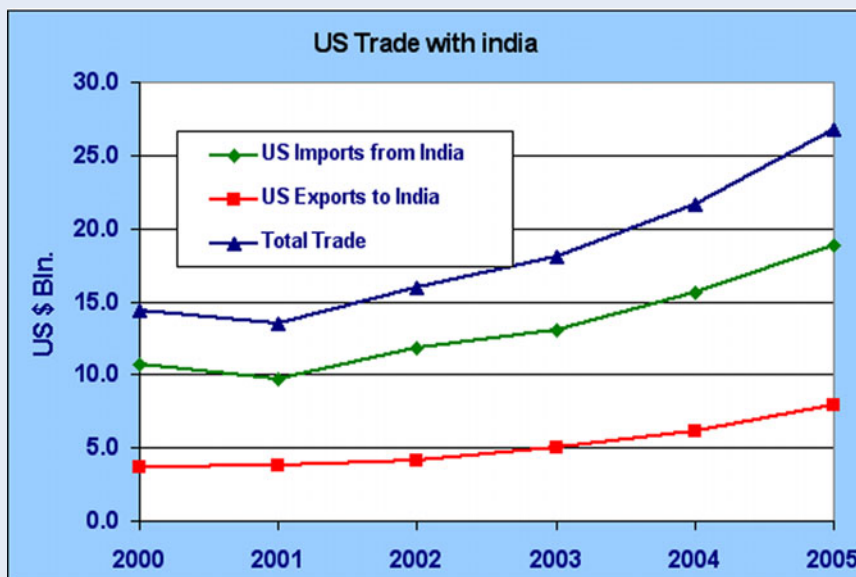
- As per the Advance Estimates released by the Central Statistical Organisation of the Govt. of India, India would record a growth rate of 8.1% in 2005-06 against 7.5% in 2004-05. *More...*
- According to NASSCOM Strategic Review 2006 released on February 9, 2006, Indian IT-ITES sector would register a growth of 28%, to account for 4.8% of GDP in FY 2006. Software and service exports will grow by 32%, to reach US \$23.4 billion. *More...*
- BSE Sensex crossed another all time high of 10,000 mark on February 6, 2006.

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A publication of the Embassy of India, Washington, DC

- India-US trade has increased to \$26.8 bln. in 2005 from \$21.6 bln. in 2004, recording a growth rate of 23.4% as per the US Census Bureau Statistics. [More...](#)

- Attracted by high returns, real-estate venture funds are flocking to India. Securities and Exchange Board of India allowed venture funds to invest in local real estate in April 2004. Since then some 30 foreign funds have applied to start operations in India, about half of which have been cleared. In a recent report, Pricewaterhouse-Coopers predicted that close to \$7 billion to \$8 billion of venture capital will flow into Indian real estate over the next 18 to 30 months. Analysts say interest in India's real-estate sector has increased since the government allowed direct foreign investment in greenfield real-estate projects in February 2005 and that returns in India range from 12% to 15%, compared with 3% to 4% in mature markets like US and Western Europe. [More...](#)



Corporate News

- In the biggest acquisition to date by an Indian pharmaceutical company, Dr Reddy's Laboratories (DRL) on February 16 announced that it would pay EUR480 million (\$570 million) -more than its 2004-05 revenues of \$446 million-to buy 100% of Germany's Betapharm Arzneimittel GmbH from British private equity firm 3i Group Plc. DRL's current cash reserves are only \$160 million. The company will need to raise money to fund the acquisition. Reddy's acquired UK-based BMS Laboratories and its wholly owned subsidiary-Aurigene Discovery Technologies in 2002, and Roche's active pharmaceutical ingredients business in Mexico in November 2005.
- Indian software services provider Wipro has won a \$300 million five-year contract from General Motors. [More...](#)
- Wal-Mart has filed an application with the Reserve Bank of India (RBI) to set up an office in Bangalore for market research and business development. [More...](#)
- CNN has acquired 50% stake in India's Channel 7, a news channel, for \$13.6 million in an all-cash deal. [More...](#)
- Citigroup would invest more than half a billion dollars in India in 2006. [More...](#)

Visits and Events

- The second meeting of the Steering Committee of the India-US Energy Dialogue took place in New Delhi on 8 February 2006. [More...](#)
- India and US have signed a Memorandum of Arrangement to exchange information in Hydrocarbon sector. [More...](#)
- Meeting of the Deputies of India-US Trade Policy Forum is taking place at Washington D.C. on Feb. 16-17, 2006. The Indian delegation is being led by Mr. S.N. Menon, Secretary, Department of Commerce and US side delegation is being led by Mr. Karan Bhatia, Deputy USTR.