



POLICY UPDATE

- Reserve Bank of India has announced Annual Policy Statement for the year 2006-07. The policy aims at maintaining macroeconomic and financial stability with GDP growth at 7.5-8.0 per cent and inflation at 5.0-5.5 per cent during 2006-07. Major changes announced in the policy include (i) raising of ceiling on interest rates on non-resident (external) rupee deposits for one to three years maturity by 25 basis points to 100 basis points above LIBOR/SWAP rates for US dollar of corresponding maturity, (ii) raising of the ceiling interest rate on export credit in foreign currency by 25 basis points to LIBOR plus 100 basis points from LIBOR plus 75 basis points, (iii) raising of standard advances to 1.0 per cent for personal loans, loans for residential housing beyond Rs. 2 mln., and commercial real estate loans. Bank Rate (at 6%), Reverse Repo Rate (at 5.5%), Repo Rate (at 6.5%) and Cash Reserve Ratio (at 5%) have been kept unchanged. Deposits have been projected to grow by around Rs.3,30,000 crore (Aprox. \$74 bln.) in 2006-07, and non-food credit is expected to increase by around 20 per cent. *More...*
- Minister of State for Commerce & Industry Mr. Jairam Ramesh announced that India would launch a major infrastructure project with an investment of around US \$200 mln. to create 13 new, modern, integrated inland ports on its borders. *More...*

NEWS HIGHLIGHTS

- Net profit of 531 Indian companies recorded 24% growth in the year 2005-06. *More...* High growth rate in profitability and sales of Indian companies has led to Indian stock market reaching unprecedented heights with Sensex crossing 12000 mark. Indian industry has recorded mergers and acquisitions totaling \$18.2 bln. in 2005 of which around \$10 bln. were cross-border transactions. Overseas investments and acquisitions by Indian companies have recorded very high growth recently with \$2.09 bln. direct investment outflow in April-January 2005-06. Since January, 2006 Indian companies have announced overseas acquisitions of about \$2.2 bln. High growth and profitability of Indian industry has led to increased FDI. FDI inflow increased by \$4.37 bln. in April-November 2005-06 recording a growth of 16% and raising the level of total FDI in India to \$45.2 bln. FII investments in India since January, 2006 have been \$3.7 bln., as compared to \$10.1 bln. in the calendar year 2005.
- Exports of auto components from India have recorded compounded annual growth rate of 33% in the last 3 years. Value-realisation from India's auto components exports are projected to touch \$25 bln. by 2010. *More...*
- The Hannover Messe 2006, held on April 24-28, 2006 at Germany has generated a total business of US \$1.3 bln. for India. Auto giant BMW, component manufacturer Bosch and commercial vehicle maker Mann have committed to set up or expand their manufacturing facilities in India. *More...*

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Corporate News

- ONGC Videsh Ltd will buy a 15 per cent stake in Block BC-10 in Brazilian oil field from Royal Dutch/Shell. Shell would remain operator of the field with a 50 per cent stake while Petrobras will own the other 35 per cent. BC-10 field has production potential of 100,000 barrels of oil a day. [More...](#)
- CitiGroup has moved into acquire 9.27% in India's top mortgage lender HDFC for approximately \$680 mln. The deal will make CitiGroup the biggest shareholder in HDFC. [More...](#)
- Reliance Petroleum Ltd. set the price for its initial public offering at 60 rupees (\$1.33 approx.) a share. The proceeds from the Initial Public Offering will be used to partly finance the construction of a \$6 bln. refinery at Jamnagar in western Gujarat that will export products like jet fuel, alkalyte, gasoline and diesel. [More...](#)
- JP Morgan Chase is planning to raise a \$333.37 mln. fund, for investing in the Indian real estate sector. [More...](#)

Visits & Events

- An Indian Power delegation led by Minister for Power Mr. Sushil Kumar Shinde held road shows at New York, Washington, DC, Chicago and Los Angeles, to inform potential US investors regarding investment opportunities in the 5 Coal-based Ultra-Mega Power Projects of 4000 MW each in India. Mr. Shinde also met with US Energy Secretary Samuel Bodman. [More...](#)



Indian Power Minister, Mr. Sushil Kumar Shinde addressing a Press Conference at the Embassy of India, Washington, DC on April 26, 2006. Ambassador Ronen Sen on the left. Photo Credit: Kiran Jagga, PIC Wing, EOI

- Deputy Chairman of the Planning Commission of India, Mr. Montek Singh Ahluwalia visited US on April 18-25. He met the US Energy Secretary Samuel Bodman, Treasury Secretary John Snow, and the Co-Chair of India-US Economic Dialogue Mr. Allan Hubbard. Mr. Ahluwalia also had meetings with the Industry representatives of US and the US side members of the India-US CEOs forum at New York.
- An Indian delegation led by Dr. Y.V. Reddy, Governor, Reserve Bank of India and Mr. Ashok Jha, Secretary, Department of Economic Affairs, participated in the World-Bank IMF Spring Meeting 2006 at Washington, DC on April 22-23, 2006. Secretary Economic Affairs-Mr. Ashok Jha and Chief Economic Adviser-Dr. Ashok Lahiri also attended the ECOSOC meeting at New York on April 24, 2006.
- A nine-member multi-party delegation of Indian parliamentarians is on a week-long visit to the US. The delegation will visit Washington DC, New York and Atlanta.