



POLICY UPDATE

India liberalizes Overseas Investment Rules

- Reserve Bank of India liberalized foreign exchange rules with regard to foreign exchange outflows. The measures which are being implemented with immediate effect include increase in limits for investment by Indian companies in overseas joint ventures/wholly owned subsidiaries under the automatic route from 300% to 400% of net worth; limits for prepayment of External Commercial Borrowings without RBI approval increased from \$400 million to \$500 million, limit of 35% of net worth for portfolio investments abroad by listed companies increased to 50%, limits under the Liberalized Remittance Scheme enhanced from \$100,000 to \$200,000 per financial year and increase in aggregate ceiling for overseas investments by mutual funds. These measures are in response to rising value of the rupee vis-a-vis the US dollar. *More...*
- Securities and Exchange Board of India (SEBI) has enhanced limits for overseas investments by each mutual fund from US \$200 million to US \$300 million subject to the overall limit of \$5 billion for overseas investments by mutual funds. Mutual funds have also been allowed to invest in new categories of overseas instruments. *More...*

NEWS HIGHLIGHTS

- FDI inflows in India during 2006-07 were \$21.19 billion exceeding portfolio investments of \$15.62 billion according to a report on International Investment position (IIP) of India released by RBI. *More...*
- India ranks second in capital market inflows and fourth in merger and acquisition deals in Asia-Pacific (including Japan) with deals worth \$65.033 billion reported in first eight months of calendar year 2007 according to data compiled by Thomson financial. *More...*
- India has improved its global ranking by 12 points in the World Bank's "Doing Business - 2008", the fifth edition of its annual report on the ease of doing business in 178 economies. According to the report India is top reformer in trading across borders as traders can submit customs declarations and pay customs fees online before the cargo arrives in port. India also introduced an electronic registry that covers the rights granted by companies which can be searched by name of debtor and is linked geographically to cover the whole country. *More...*
- Nine Indian banks led by HDFC Bank and ICICI Bank are in the list of Top 50 Asian banks as per this year's Asian Banker 300 report with buoyant consumption and investment demand driving the Indian banking sector's strong balance sheet growth. *More...*

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- India registered more than 8 million new mobile connections in August 2007 taking the total number of mobile phone users in the country to more than 200 million according to Telecom Regulatory Authority of India. *More...*
- Leading Private Equity (PE) players feel that US \$10-20 billion would be deployed in the Indian real estate sector in the next three years and their preferred mode of investment would be the Special Purpose Vehicle (SPV) route according to an Ernst & Young (E&Y) survey. *More...*

Corporate News

- ONGC Videsh (OVL), the overseas investment arm of Oil and Natural Gas Corporation (ONGC) has won three exploration blocks in Columbia adding to its portfolio of 26 exploration and production projects in 15 countries. *More...*
- Indian Oil Corporation (IOC) would spend \$10.86 billion over the next five years to carry out its expansion programme of which 70% will go into downstream integration. IOC is also actively pursuing upstream integration through exploration and production activities both within and outside the country. *More...*
- India's ICICI Bank has raised \$2 billion through a five year fixed rate note which is the single-largest issuance by an Indian bank. *More...*
- The number of US patents acquired by Indian companies increased from 23 in 1990 to 506 in 2006 according to US law experts taking the total number of US patents granted to India to 2,831 as of now. *More...*
- Mr. Vijay Mallya, promoter of India's Kingfisher Airlines acquired a 50% stake in a US based Epic aircraft manufacturing Company for an estimated \$120 million. *More...*

Visits and Events

- A meeting of the India-US CEO Forum was held in New York on 24th September 2007. The Indian government was represented by Finance Minister P. Chidambaram, Commerce and Industry Minister Kamal Nath and Deputy Chairman, Planning Commission Montek Singh Ahluwalia. The US government was represented by US Treasury Secretary Henry Paulson, Commerce Secretary Carlos Gutierrez, USTR Susan Schwab, Assistant to the President on Economic Policy, Allan Hubbard and other officials. Mr. Ratan Tata and Mr. William Harrison were the two co-chairs of the Forum. The meeting was preceded by a government to government Economic Dialogue meeting.
- External Affairs Minister Mr. Pranab Mukherjee led the Indian delegation at the Major Economies meeting on Energy security and Climate Change convened by President Bush on Sep. 27-28, 2007 in Washington DC. Representatives of 15 major economies participated in this meeting.



Indian Finance Minister Mr. P. Chidambaram met US Treasury Secretary Mr. Henry Paulson in Washington, DC on Sep. 25, 2007.