



POLICY UPDATE

- Government of India issued Letters of Intent for awarding the first two Ultra Mega Power Projects (UMPPs) of 4000 MW each to the selected successful bidders namely M/s. Globeleq Singapore Pte. Ltd (lead) & M/s. Lanco Infratech Ltd. for Sasan in Madhya Pradesh and M/s. Tata Power Company Ltd. for Mundra UMPP in Gujarat. The process of selection of successful developer for other UMPPs namely, Krishnapatnam (A.P) and Tiliaya (Jharkhand) is expected to be completed by April 2007.

The Government of India has envisaged a capacity addition of 1,00,000 MW to meet its mission of 'Power For All by 2012'. Government is working for development of 9 Ultra Mega Power Projects (UMPPs) of 4000 MW each through tariff-based competitive bidding. *More...*

- Reserve Bank of India has increased the limit for resident Indians to remit funds abroad from \$25,000 to \$50,000 in a year for any capital or current account transaction including to invest in any listed foreign company. *More...*
- India and the US have formed a bilateral working group of legal experts to promote greater interaction between legal professionals and to facilitate trade in legal services. *More...*
- National Knowledge Commission Chairman Mr. Sam Pitroda has recommended to the Government of India for overhaul of vocational education system in India and industrial training institutes by involving private sector and updating curriculum. *More...*
- Government of India announced the natural gas pipeline policy and framework for setting up of city gas distribution network. The policy aims to facilitate open access for all players to the pipeline network on a non-discriminatory basis and to promote competition among entities. *More...*

NEWS HIGHLIGHTS

- The Rupee on December 29 ended on a ten month high at 44.22/23 against the Dollar on the back of tightening of Rupee supply in Indian market. *More...*
- India's foreign direct investment is expected to double to \$11 billion in the fiscal year ending March 2007 said Indian Commerce & Industry Minister Mr. Kamal Nath. *More...*
- Indian companies in 2006 raised nearly \$19 billion from international markets to fund growth opportunities as against \$11 billion in 2005. Money raised from private equity increased from \$2.2 billion in 2005 to \$7.5 billion in 2006.
- The value of merger and acquisition activity in India rose to US \$9.5 billion this year from US \$5.37 billion in 2005. *More...*
- Energy Ministers from five top oil importing countries, the US, China, Japan, India and South Korea met in Beijing on December 15, 2006 and decided to establish a formal mechanism to safeguard their interests against spiraling crude oil prices. Indian Petroleum Minister Murali Deora, US Energy Secretary Samuel Bodman, China's National Development and Reform Commission Chairman Ma Kai, Japanese Economy, Trade & Industry Minister Amari Akira and South Korean Minister for Commerce, Industry & Energy Chung Sye Kyun participated in the meeting. *More...*

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- Government of India's net direct tax collections in the year 2006-07 have gone up by 42.5% over the corresponding period last year. The corporate taxes were up by 51.2% while income tax (including FBT) was up by 26.6%. *More...*
- World Bank and Japan are part funding \$6 billion national industrial corridor along the Delhi-Mumbai and Mumbai-Kolkata freight corridors extending over 1875 miles. The industrial corridor will require funds for freight corridor, SEZs, industrial parks, power projects and other facilities. *More....*

Corporate News

- A large number of Indian and foreign telecom companies and private equity firms are contemplating purchase of 67% stake of Hutchison Telecom in Hutch-Essar, third largest GSM operator in India. The possible contenders that have been reported in the newspapers include Essar Group of India, Vodafone, Reliance Comm, Orascom, Maxis Comm and a group of private equity funds including KKR, Blackstone and TPG. Valuations in the range of \$16-18 billion have been reported in the newspapers. *More...*
- Mittal Steel signed an MOU on December 21 with the Government of Orissa for setting up a 12 million tonne per annum steel plant in Keonjhar District of the State with investment of approximately \$9 billion in two phases of 6 million tonnes per annum each. This is the second biggest FDI that Orissa has got after the investment by Posco Steel. *More...*
- Airbus is planning to invest US \$1 billion in India over the next ten years. The areas where the Airbus is looking to invest in India include setting up of training centres, maintenance, repair and overhauling (MRO) facility, engineering centre and design centre. *More...*
- Government of India has decided to sell its 10.27% stake in Maruti Udyog (MUL) through a book building process, which is expected to fetch about \$680 million. *More...*
- In one of the first global acquisitions by an Indian firm in the retail space, gems and jewellery company Gitanjali Gems has bought US-based Samuels Jewellers for US \$44.7 million. *More...*
- Deutsche Bank has infused US \$251 million into its Indian operations to tap growing opportunities in infrastructure financing and retail lending. The fresh infusion would more than double the capital invested by the parent bank in its Indian branches. *More...*
- India-based Hindustan Aeronautics Ltd (HAL) has entered into a \$700 million joint venture agreement with Russia-based Irkut Corporation, a civil and military aircraft manufacturer, to manufacture multi-role transport aircraft (MRTA). HAL has also entered into an agreement with US-based Pratt & Whitney, an aircraft engine manufacturer, to manufacture engine components in the Indian state of Orissa. *More...*

Visits and Events

- Prime Minister of India Dr. Manmohan Singh will inaugurate Pravasi Bharatiya Divas on 7 January 2007 at Vigyan Bhawan, New Delhi and it will culminate with valedictory address and conferment of Pravasi Bharatiya Samman Award by President of India Dr A.P.J. Kalam on 9 January 2007. Theme of the Fifth Pravasi Bharatiya Divas is 'Rooting for the roots – Meeting India's Social development Challenges' with the objective to encourage Overseas Indians to be part of the socio-economic development of India. *More...*



The Prime Minister, Dr. Manmohan Singh and the Japanese Prime Minister Mr. Shinzo Abe, greeting each other after signing an agreement on Indo-Japan Strategic partnership, in Tokyo on December 15, 2006.