INDIA

ECONOMIC NEWS

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POLICY UPDATE

- The Board of Approval (BOA) of the Special Economic Zones (SEZs) in India met on July 12, 2007 and recommended grant of formal approvals to 21 SEZs and in-principle approvals to 6 SEZs. So far formal approvals have been granted for setting up of 341 SEZs out of which 130 have been notified. Approximately $10.5 billion have already been invested in these notified SEZs which are providing direct employment to more than 35,000 persons. ***More...***

  SEZ Act 2005 supported by SEZ Rules came into effect in India on February 10, 2006. Main objectives of SEZ in India are: generation of additional economic activity, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities, and development of infrastructure facilities. SEZs are expected to trigger a large flow of foreign and domestic investments.

  Prior to SEZ Act 2005, 19 SEZs were set up in India by the Central and State governments. After the announcement of SEZ Act 2005, 15 SEZ proposals by various companies and state industrial development corporations were notified till January 15, 2007. Since then, approvals to the new proposals for SEZs were put on hold by the Government of India for about three months pending a decision on the size of the SEZs and rehabilitation policy of the displaced people. In a meeting on April 5, 2007 the Empowered Group of Ministers on SEZ decided to lift the freeze on SEZs, with tighter rules and prescribed a ceiling on the size of SEZs at an upper limit of 5000 hectares and indicated that a comprehensive rehabilitation policy was being finalised and that it would include employment to at least 1 person from each displaced family. ***More...***

- Government of India is examining a proposal to effect a hike in the ceiling for debt investments by foreign institutional investors (FIIs) in the Indian debt market. The cap at present is $4.7 billion ($3.2 billion in government securities and $1.5 billion in corporate debt). ***More...***

- Securities and Exchange Board of India (SEBI) has simplified disclosure norms for listed companies by amending Clause 41 of the Equity Listing Agreement, with effect from July 1, 2007. Under the revised norms, the companies will have the option to furnish either unaudited or audited quarterly and yearly financial results to the stock exchanges within a month from the end of the quarter. Companies furnishing unaudited financial results will be required to file a copy of the limited review report to the stock exchanges within two months from the end of the quarter. The provisions for explanation for variation between items of unaudited and audited results have also been simplified to cover only net profit/loss after tax and for exceptional/extraordinary items. ***More...***

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NEWS HIGHLIGHTS

- NASSCOM has released its Annual Survey. Indian IT-ITES industry with a revenue of $39.6 billion in 2006-07 recorded a growth of 30.7%. Actual growth surpassed the projection of 27% estimated earlier. The software and services exports grew by 33% and the domestic segment grew by 23%. IT services exports with a revenue of $18 billion grew 35.5%, ITES-BPO exports with a revenue of $8.4 billion recorded a growth of 33.5%, and exports of engineering services and products with a revenue of $4.9 billion grew by 23%. ***More...***
- Foreign institutional investors (FIIs) made largest equity investment in a month of around $1.75 billion in the Indian stock markets in June 2007 with Sensex headed to new highs. The price-earnings (PE) ratio of Sensex stocks hovered between 20 and 21 in the month. ***More...***
- Air India will introduce its first non-stop flight between Mumbai and New York on August 1, 2007. The flying time between the two places will be around 14 hours. The airline will use the latest long range aircraft Boeing 777-200LR Worldliner, which will be delivered to Air India on July 25, 2007. ***More...***

Corporate News

- Reliance Communications Ltd. of India signed a pact to buy data-communications-services provider Yipes Holdings Inc. of the US for $300 million. ***More...***
- Boeing would supply 138 planes to Indian Air carriers including 37 of its latest Dreamliners. Air India has placed order for 68 planes, Jet Airways has ordered 30 Boeing aircrafts, Sahara unit recently bought by Jet Airways has ordered ten more Boeing planes. Domestic low cost airline SpiceJet has also ordered 30 Boeing planes. ***More...***
- Wipro has announced that it would acquire Unza Holdings, a Singapore consumer products company, for $250 million. Since April, 2006, Wipro has purchased eight companies in fields including computer-aided design and engineering services. ***More...***
- Megasoft, Indian provider of services to telecommunications companies, is moving to acquire Boston Communications Group at about $65 million. ***More...***
- Infosys Technologies Ltd. of India posted a 35% rise in net profit in the first-quarter ending June of the current year. Consolidated net profit for the quarter was approximately $268 million. The company expects its revenue to grow by 29 to 31 percent during 2007-08 to reach between $4 billion and $4.05 billion. ***More...***
- Microsoft Corporation proposes to set up a university in Bangalore to impart high-end computer education in India. This will be the company's first ever exclusive, independent educational venture in the world. ***More...***

Visits and events

- Indian Power Minister, Mr. Sushil Kumar Shinde visited US on July 9-13, 2007. He held various Road Shows and meetings with the investors in Houston, Boston and New York to promote investment opportunities in the ultra-mega power projects of India.
- The third meeting of the US-India Information & Communications Technology working group was held in Washington DC on July 11, 2007 at Washington DC. The Group works on promoting trade and investment between the US and India in IT, telecom and media.