

**POLICY UPDATE**

- Reserve Bank of India has released First Quarter Review of the Annual Statement on Monetary Policy for the year 2007-08. Cash Reserve Ratio has been increased by 50 basis points to 7.0 per cent with effect from August 4, 2007. Bank rate, repo and reverse repo rates (overnight borrowing and lending rates) have been kept unchanged. The review has noted that inflation rate in India declined to 4.41% for the week ended July 14, 2007 from 6.69 % in January, 2007. The review also noted appreciation of Indian Rupee by 6.63% against the US dollar, by 5.19% against the euro, by 4.41% against the pound sterling, and by 10.44% against the Japanese yen, during April-June 2007. GDP growth projection for 2007-08 has been retained at 8.5% as was projected earlier. *More...*
- Indian Railways has submitted a \$63 billion investment roadmap for the 11th Five Year Plan period (2007-2012) for the dedicated freight corridor, rail gauge conversion and revamp of railway infrastructure through public-private partnerships. Private foreign companies have already come forward with their investment plans. Japanese giant Toshiba is in talks with Indian Railways for manufacturing coaches and locomotives. Canada's Bombardier Transportation will shortly set up a greenfield plant in India to make rail cars. Bombardier has already won a \$590 million order for 340 rail metro cars from Delhi Metro Rail Corporation. GE Equipment Services (GEES) has entered India by picking up a 15 per cent equity stake in Titagarh Wagons, a leading domestic private wagon maker. GEES would also set up facilities for maintenance of wagons and signaling equipment in India. Mitsubishi Corporation, Siemens, Alstom and Itochu, are exploring options to set up locomotive manufacturing and maintenance facilities. *More...*
- Government of India has awarded the 4,000 MW Sasan Ultra Mega Power Project to Reliance Power Ltd. Sasan will be the largest domestic coal based power project at a single location in Madhya Pradesh state of India involving an investment of \$3 billion approximately. The project was earlier awarded to a Consortium of Hyderabad-based Lanco Infratech and Singapore-based Globelec. That bid was disqualified on the grounds of misrepresenting facts by Lanco during the bidding process. Subsequently, revised bids were sought from three bidders and the project awarded to the lowest bidder Reliance Power Ltd. *More...*
- Government of India will introduce a bill in the Parliament to amend the Aircraft Act 1934 that controls manufacture, possession, use, operation, and sale of civil aircrafts in India. The amendments will lead to better maintenance of the standards of airports, ensure civil aviation security, and regulate communication, navigation, surveillance, and air traffic management facilities. *More...*
- Government of India has approved captive mining for production of gas through coal gasification and liquefaction. The underground coal gasification aims at extracting energy from coal seams that cannot be otherwise mined through conventional methods. Coal liquefaction aims at converting coal to liquid fuels, for which commercially proven technology is available. *More...*
- Pension Fund Regulatory and Development Authority of India had invited Expressions of Interest from public sector entities of India for sponsoring Pension Funds for Government employees. Expressions of Interests were received from seven public sector entities. Based on the overall evaluation, State Bank of India, UTI Asset Management Company Private Limited and Life Insurance Corporation of India have been found as the three best value bidders as sponsors of Pension Funds in India under the New Pension System. *More...*

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NEWS HIGHLIGHTS

- Mutual Fund Industry in India with an asset under its management of over \$121 billion by end July 2007 recorded 86% growth over July 2006. [More...](#)
- The total electronic equipment production in India will reach \$32 billion in 2011 compared with \$14 billion in 2006, and semiconductor consumption in India will also more than double from \$2.8 billion in 2006 to \$7.2 billion in 2011, said the information technology research and advisory firm-Gartner. [More...](#)
- India has been issued nearly 43% of the carbon emission reduction credits (CERs) so far by the Clean Development executive board - the highest international body under the Kyoto Protocol to register projects and issue credits. India has 259 registered projects. But in terms of the expected average annual CERs from registered projects till 2012, India with (15%) has been lagging behind countries like China (with 44%). CERs are tradable credits earned for investing in projects aimed at reducing greenhouse gas emissions. One CER is equivalent to one tonne of carbon dioxide reduced. [More...](#)
- The Prime Minister's Economic Advisory Council of India has projected that per capita income of India will increase from \$831 in 2006-07 to \$1021 in 2007-08. This will put India in the group of Lower Middle Income Countries (per capita income between \$906 and \$3,595) from Low Income category (per capita income of \$905 or less) as classified by World Bank. [More...](#)
- The United States has announced to reduce its foreign assistance to India in view of India being categorized as "transforming" country rather than "developing" country. [More...](#)
- According to a recent OECD report, India created more jobs than Brazil, China and Russia during the years 2000 and 2005. India created 11.3 million net new jobs per year against 7 million by China, 2.7 million by Brazil and 0.7 million by Russia. [More...](#)

Corporate News

- Wipro Technologies has signed a definitive agreement to acquire Infocrossing of the US for approximately \$600 million in an all-cash deal. This buyout will bring Wipro a revenue of \$232.4 million with 900 people spread across five locations in the US. [More...](#)
- Indian telecom companies, namely, Reliance Communications, Bharti Airtel, Hutch-Essar, Idea Cellular, Tata Teleservices, and BSNL, would together invest over \$15 billion in 2007-08 for massive expansion of their mobile networks, infrastructure and subscriber numbers. 80,000 new towers are in the process of being built across the country, and the target is to add around 80 million new mobile subscribers during the year. [More...](#)
- Bharti Airtel and Ericsson have signed one of the world's largest network expansion deals, worth an estimated \$2 billion. This is Ericsson's largest deal to date. [More...](#)
- Jindal Steel & Power Ltd (JSPL) of India has bagged the \$2.1 billion contract for development of El Mutun iron ore mines along with steel making facilities in Bolivia. El Mutun has reserves of more than 40 billion tonnes 50% of which has been commissioned to JSPL for development. The project includes setting up of a 2-million-tonne steel plant. JSPL will also set up a 450 MW power plant to meet production needs. [More...](#)
- GE has lined up an investment of \$8 billion within three years for infrastructure projects in India that includes modernisation and upgradation of Indian Railways, port development, warehouses and power plant equipments. [More...](#)

Visits and events

- Mr. M.K. Narayanan - the National Security Advisor of India, Mr. Shiv Shankar Menon - Foreign Secretary of India, and Dr. Anil Kakodkar - Chairman, Atomic Energy Commission of India, visited Washington DC on July 17-20, 2007. They held a series of meetings with their US counterparts on the finalization of the text of the agreement on US-India Civil Nuclear Cooperation Initiative. The agreed text has subsequently been issued on August 1, 2007. [More...](#)



National Security Advisor Mr. M.K.Narayanan meeting the US Vice President Mr. Dick Cheney in Washington, DC on July 19, 2007. Indian Ambassador to the US Mr. Ronen Sen is also seen on the right.