



POLICY UPDATE

- The Reserve Bank of India has released the Third Quarter Review of the Annual Statement on Monetary Policy for 2006-07. GDP growth estimated at 8.5-9.0 per cent during 2006-07. Inflation to be brought down to 5.0-5.5% from around 6% now. India's current account deficit has widened to \$11.7 billion in April-September 2006 from \$7.2 billion a year earlier. Highlights of the Monetary Policy include (i) increase of Repo Rate to 7.50% from 7.25%, (ii) Reverse Repo Rate, Bank Rate and Cash Reserve Ratio (CRR) kept unchanged, (iii) provisioning requirement for standard assets in the real estate sector, outstanding credit card receivables, loans and advances qualifying as capital market exposure and personal loans increased from 1% to 2%, (iv) Interest rate ceiling on NRE deposits reduced from 100 basis points to 50 basis points above LIBOR/SWAP rates for US dollar of corresponding maturity, (v) Interest rate ceiling on FCNR(B) deposits reduced from LIBOR/SWAP rates to 25 basis points below LIBOR/SWAP rates for respective currency/ maturities. **More...**
- India has reduced customs duty on cement, various raw materials and capital goods from existing level of 10% and 12.5% to 7.5%, 5% or nil, in order to reduce cost of manufacturing, and infrastructure development. Project imports which attracted 12.5% or 10% duty would now attract 7.5%, and project import duty benefits extended to 'Airport development projects' and 'Metro Rail projects'. **More...**
- RBI has placed Draft Guidelines on Lending to Priority Sector on its website for comments and feedback by February 28, 2007. **More...**

NEWS HIGHLIGHTS

- GDP growth of India for 2005-06 has been revised from 8.4% to 9.0% by the Central Statistical Organisation of India. **More...**
- Standard & Poor's (S&P) raised India's sovereign credit rating to investment grade "BBB-/A-3" from "BB+/B," after a gap of nearly 16 years. **More...**
- Goldman Sachs predicted that India could sustain 8% growth rate till 2020. **More...**
- Indian manufacturing sector recorded a growth rate of 15.7% in November 2006. With this Indian Manufacturing has grown by 10.3% in April-November 2006. **More...**
- India's exports increased by 36% during April-December 2006 to reach \$89 billion. Engineering exports growing at 40% is expected to touch \$24 billion in 2006-07. **More...**
- Indian IT-ITES sector is expected to exceed \$47.8 billion in annual revenue in 2006-07, an increase of nearly 28 percent. Service and software exports remain the mainstay contributing \$31.3 billion. Engineering services exports is growing at 22-23 percent. **More...**

Corporate News

- Tata steel has won Corus deal by offering 608 pence per Corus Share against 603 pence per Corus Share offered by Companhia Siderurgica Nacional of Brazil. The value of the entire

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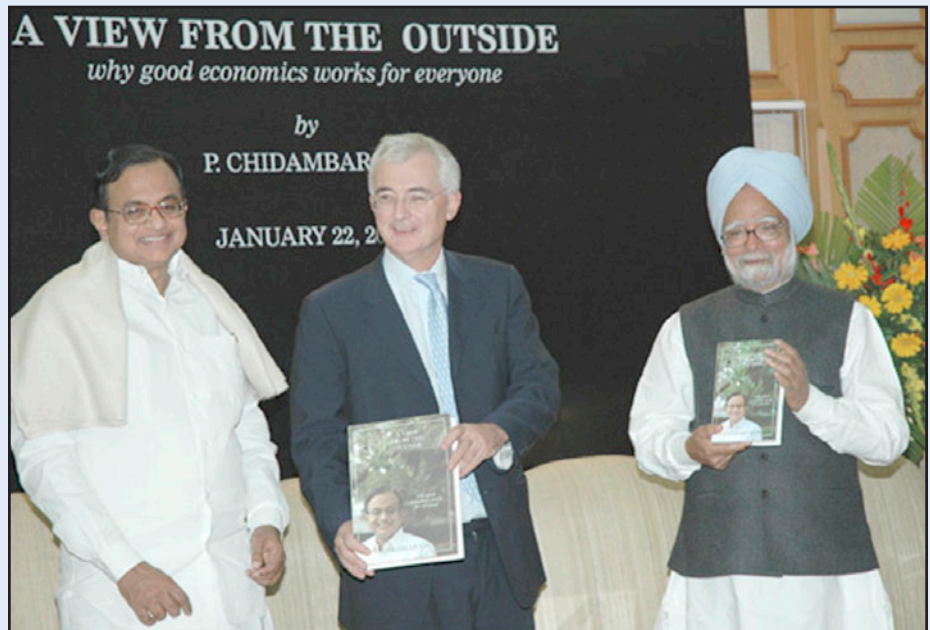
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existing issued and to be issued share capital of Corus is approximately £6.2 billion (\$12.2 billion approx). [More...](#)

- Flyington Freighters, a cargo airline company of India, has ordered for six cargo planes worth \$990 million from Airbus. [More...](#)
- Oracle has increased its stake from 55% to 83% in i-flex solutions – an IT solutions provider to financial sector in India for an investment of \$1.08 billion approximately. [More...](#)
- Motorola has won India's first 3G Universal Mobile Telecommunications Service (UMTS) cellular network for Delhi. The UMTS network deployment will take place after the relevant regulatory authority of India has authorized spectrum allocation and appropriate licenses are obtained by the network operators. [More...](#)
- Citigroup Property Investors (CPI) is planning to invest \$500 million to build assets in Indian property market said their Managing Director and head-Asia pacific. CPI has already invested \$250 million in Indian real estate since May 2005. [More...](#)
- The Blackstone Group have announced an investment of \$275 million in Hyderabad-based Ushodaya Enterprises Ltd. (UEL) a Media Company that owns ETV. The investment is subject to regulatory approval by Foreign Investment Promotion Board and the Ministry of Information and Broadcasting. [More...](#)
- Warburg Pincus will invest \$250 million in India property. [More...](#)
- Danish shipping giant AP Moller-Maersk will invest about \$225 million for developing a new container berth at the Pipavav port in Gujarat, India's first private sector port. [More...](#)
- Reliance, Lenovo, and Intel, have partnered to provide wireless internet access on-the-move facility and set up 200 netconnect 'experience zones' across 100 cities in India. [More...](#)

Visits and events

- India and the United States have signed a Letter of Intent (LOI) to promote reciprocal trade and opportunities for strategic linkages between small businesses of the United States and small and medium enterprises of India to further economic development and job creation. [More...](#)
- India has signed two agreements with International Energy Agency (IEA) to strengthen mutual cooperation in the field of energy: (i) Greenhouse Gases and R&D Technology Agreement, and (ii) IEA-DSM (Demand Side Management) Implementing Agreement. [More...](#)
- A Developers Conference was organized by Power Finance Corporation of India on January 16, 2007 at New Delhi to discuss various issues related to development of Merchant Power Plants in India. Merchant Power Plants would be set up by private developers and would not be tied up with long-term power purchase agreements. [More...](#)
- William D. Green, CEO of the management consulting firm Accenture visited India on January 28-30, 2007. During the visit Mr. Green announced that accenture would increase its employee strength in India by 30% from 27,000 now to 35,000 by August 2007. [More...](#)



Indian Prime Minister, Dr. Manmohan Singh released a book titled 'A View From the Outside', by The Finance Minister Mr. P. Chidambaram, in New Delhi on January 22, 2007. **Photo credit: PIB**