



POLICY UPDATE

- Increase of inflation rate in India to 6.6% led Reserve Bank of India (RBI) to take measures to restrain credit growth. RBI has decided to increase Cash Reserve Ratio(CRR) in two stages to 5.75% with effect from February 17, 2007 and to 6.0% to take effect from March 3, 2007 from the present level of 5.5%. Earlier RBI had increased Repo Rate from 7.25% to 7.5% on January 31, 2007. CRR was increased from 5.0% to 5.25% and to 5.5% effective December 23, 2006 and January 6, 2007 respectively. Cash Reserve Ratio is the percentage of a bank's total deposits that every bank must maintain as its minimum cash reserves, and Repo rate is the rate at which RBI lends to banks for overnight loans. *More...*
- "The India Infrastructure Financing Initiative" has been launched jointly by Infrastructure Development Finance Company Limited (IDFC), Citigroup Inc., India Infrastructure Finance Company Limited (IIFCL) and Blackstone Group Holdings L.P. The initiative is a collaborative effort to deploy approximately \$5 billion in capital for infrastructure projects in India. The plan is to deploy about \$2 billion in equity capital and \$3 billion in long term debt financing with maturities exceeding ten years. The equity financing program will be managed by IDFC and will invest in greenfield, and operating projects primarily in roads, power, airports, ports, and industrial and commercial infrastructure. IDFC, Citi and Blackstone will together invest \$250 million. The balance is expected to come from international investors and domestic institutional investors including IIFCL. *More...*
- A policy on Ground Handling in the metropolitan Airports (Delhi, Mumbai, Chennai, Kolkata, Bangalore and Hyderabad) in India has been finalized. Accordingly, ground handling in these airports will be carried out by the respective airport operator, subsidiary companies of the National carriers, or their joint ventures specialized in ground handling services, or by a third party selected through competitive bidding. *More...*

NEWS HIGHLIGHTS

- The Central Statistical Organisation (CSO) of India in its advance estimates has projected Indian economy to record a growth of 9.2% in 2006-07. *More...*
- The World Bank has ranked India as one of the top reformers worldwide in its report on Doing Business in South Asia 2007. *More...*
- India's index of industrial production (IIP) surged 10.8 per cent in April-December 2006. Manufacturing has recorded a growth of 11.8% during the same period. *More...*
- Car sales in India registered 24% growth during 2006. *More...*
- India and Japan have initiated negotiation on a Comprehensive Economic Partnership Agreement (CEPA). *More...*

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Corporate News

- India's largest aluminium producer, Hindalco Industries, announced the acquisition of Novelis of US for nearly \$3.43 billion in cash. Hindalco's purchase would include \$2.4 billion of Novelis debt. The acquisition would require approval of 66 per cent of Novelis' shareholders. Novelis with a revenue of \$8.4 billion in 2005, operates in 11 countries and has approximately 12,500 employees. Hindalco, a flagship company of the Aditya Birla Group, had a revenue of approx. \$2.6 billion in 2006. With acquisition of Novelis, Hindalco will be the world's largest aluminum rolling company, and one of the biggest producers of primary aluminum in Asia. **More...**
- British telecom giant Vodafone announced that it has agreed to acquire 67% controlling interest in Hutch Essar from Hutchison Telecom International Limited for a cash consideration of \$11.1 billion. Hutchison Essar is India's fourth-largest operator with about 23.3 million customers and 16.4 percent of the market share. Later Vodafone further announced that it would invest \$2 billion in India by way of capital expenditure in the next few years. **More...**
- A number of US companies are tying up with Indian companies to explore business opportunities in Indian defense sector reported US India Business Council. Accordingly, Boeing has signed a pact with Larsen & Toubro Ltd., Northrop Grumman Corporation has signed an MoU with Dynamatic Technologies Limited, and Crane Aerospace & Electronics has signed an MoU with HCL Technologies Ltd. Lockheed Martin is also hoping to expand in India.
- Japanese car-maker Suzuki Motor will invest approx. \$1.66 billion in its Indian venture for expansion of capacity at car and engine plants said the companies Chairman Mr. Osamu Suzuki during his recent visit to India. **More...**
- Suzlon Energy Ltd., India's biggest builder of wind turbines, will lead a 1.02 billion-euro (approx. \$1.33 billion) bid for German competitor REpower Systems AG. Suzlon's bid is 20 per cent more than the offer made by French nuclear-reactor maker Areva SA. **More...**
- Deutsche Börse AG signed an agreement to buy 5 per cent equity in the Bombay Stock Exchange (BSE) for approx. \$854 million. Earlier New York Stock Exchange and Goldman Sachs bought 5 per cent each in the National Stock Exchange of India. **More...**
- IBM clocked a growth of 37 per cent in India in 2006, led by servers, storage, software and services, said their Regional General Manager for South Asia. **More...**
- American International Group (AIG), and JP Morgan Asset Management company have received approval of the Securities and Exchange Board of India to start asset management and mutual fund business in India. **More...**
- Verizon has tied up with Videocon of India to provide international long-distance services in India. **More...**

Visits and Events

- US Commerce Secretary Carlos Gutierrez visited India on February 13-14, 2007. He addressed the American Chamber of Commerce and the Federation of Indian Chamber of Commerce and Industries at New Delhi and had meetings with senior officials of the government of India.
- India US High Technology Cooperation Group meeting is scheduled to take place on February 22-23, 2007 at Washington D.C. Foreign Secretary of India Mr. Shivshankar Menon will lead the Indian delegation.



The US Secretary of Commerce, Mr. Carlos Gutierrez, calling on the Indian Prime Minister Dr. Manmohan Singh on February 14, 2007 at New Delhi.