



## **Policy Developments**

- India's Prime Minister, Dr. Manmohan Singh has released India's National Action Plan on Climate Change, prepared under the guidance and direction of Prime Minister's Council on Climate Change. The Action Plan focuses on eight priority National Missions. The National Mission on Solar Energy occupies a pre-eminent place. While releasing the document, the Prime Minister stated that this Mission has the potential of transforming the face of India. He emphasized that the global dimension of the challenge of Climate Change demands global and cooperative effort on the basis of principle of equity. He reaffirmed India's pledge that its per capita Green House Gas (GHG) emissions would not exceed per capita GHG emissions of developed countries despite developmental imperatives. [More](#)
- Securities and Exchange Board of India (SEBI) has notified regulations for issue and listing of debt securities to provide for simplified regulatory framework to facilitate the development of a vibrant primary market for corporate bonds in India. The requirement of filing of draft offer documents with SEBI for observation has been done away with. The regulations place emphasis on due diligence, adequate disclosures and credit rating as the cornerstones of transparency. [More](#)
- SEBI has come up with a comprehensive regulation that will apply to all intermediaries in the capital market. The registration process has been simplified and registration granted to intermediaries has been made permanent subject to compliance with SEBI Act, regulations, updation of relevant disclosures and payment of fees. [More](#)
- Reserve Bank of India (RBI) has raised the repo rate under the Liquidity Adjustment Facility (LAF) from 8.00% to 8.50% with immediate effect in view of the criticality of anchoring inflation expectations. The Cash Reserve Ratio (CRR) of the scheduled commercial banks, regional rural banks, scheduled state co-operative banks and scheduled primary (urban) co-operative banks was increased by 50 basis points to 8.75% in two stages: 25 basis points effective from fortnight beginning July 5, 2008 and another 25 basis points effective from fortnight

beginning July 19, 2008. The inflation rate as per the Wholesale Price Index for all commodities stood at 11.42% as on 14<sup>th</sup> June 2008 as compared to 7.75 per cent at end-March 2008 and 4.28 per cent a year ago.

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- Reserve Bank of India (RBI) has decided to keep in abeyance the issuance of final guidelines on introduction of credit derivatives in India in view of adverse developments in international financial markets, particularly credit markets. [More](#)
- SEBI has notified regulations related to public offer and listing of securitized debt instruments. The amendments to Securities Contracts (Regulation) Act, 1956 enabled SEBI to provide for disclosure based regulation for public issue or listing of securitized debt instruments on recognized stock exchanges to develop market for securitized debt instruments. [More](#)

## **News Highlights**

- The Government of India had offered 57 oil and gas exploration blocks under the seventh round of New Exploration and Licensing Policy (NELP) to enhance energy security. The Bid Evaluation Criteria (BEC) under NELP is fully quantitative and transparent. The Government has received 181 bids for 45 blocks as compared to 165 bids for 52 blocks in the previous round of NELP. The Government will undertake evaluation of bids and blocks are expected to be awarded by 31<sup>st</sup> August, 2008. [More](#)
- India and Japan have signed a Bilateral Currency Swap Agreement. The Agreement enables both countries to swap their local currencies against the US Dollar for an amount up to \$3 billion. It aims at addressing short term liquidity concerns and supplementing existing international financial arrangements. [More](#)
- India's stock of External Debt stood at \$221.2 billion at the end of March 2008, recording an increase of 30.4% as compared to March 2007 according to data released by RBI. The increase is mainly due to External Commercial Borrowing and short term debt. [More](#)

- The total number of Private Equity (PE) deals in India during the first five months of 2008 stood at 170 with an announced value of \$6.4 billion as against 159 deals amounting to \$4.9 billion during the corresponding period in 2007 according to global consulting firm, Grant Thornton. PE investments in India are expected to touch \$16 billion mark in 2008. [More](#)
- The accretion to India's foreign exchange reserves during 2007-08 was \$110.5 billion on Balance of Payment (BoP) basis. This includes a valuation gain of \$18.3 billion on account of appreciation of major currencies against the US dollar according to data released by the Reserve Bank of India. [More](#)
- India's inward FDI stood at US \$ 32.3 billion during 2007-08 reflecting the continued strength of sustained domestic activity and positive investment climate with inflows channelizing into construction, manufacturing, business and computer services. The outward FDI during the same period stood at US \$ 16.8 billion reflecting the pace of global expansion by the Indian companies in terms of markets and resources according to latest RBI report on India's BoP. [More](#)
- India's corporate sector raised \$23.2 billion through the issue of corporate bonds on private placement basis in 2007-08 according to latest report by Prime, capital market data provider. The sectors which witnessed significant growth in mobilization were financial institutions and banks which accounted for 90% of the amount raised. [More](#)
- India added 8.62 million mobile subscribers in May 2008. The total wireless subscriber base stood at 277.92 million at the end of May 2008 with overall tele-density of 27.59%. [More](#)
- India along with the other BRIC (Brazil, Russia, India and China) is likely to become home to 1.7 billion mobile users by 2012. India is likely to have 560 million users according to a report title "Mobile BRIC: Extreme Growth Ahead". [More](#)
- India is likely to see the highest growth in foreign investments and become the world leader in manufacturing according to a survey by KPMG. The survey shows a move away from investments in the

United States, Japan, Singapore and the UAE and big increase in flows towards the BRIC nations. [More](#)

- India's real estate and housing sector attracted FDI equity inflows of approx \$2.18 billion in 2007-08 compared to nearly \$530 million in 2006-07, an increase of 312% according to data released by Government of India. [More](#)

### **Corporate News**

- State Bank of India plans to launch a private equity fund for lending to small and medium enterprises (SMEs). SBI will have 20% stake in the fund. [More](#)
- India's Tata Power Company plans to invest approx \$6.25 billion to increase its power generation capacity by six fold by 2013. The company is currently implementing projects with collective generation capacity of over 5,500 MW, including the 4,000 MW Ultra Mega Power Project (UMPP) at Mundra in Gujarat. [More](#)
- Ford India Private Limited, a wholly owned subsidiary of Ford Motors, plans to invest \$500 million to set up a small car production facility and an engine manufacturing unit in India by 2010. The investment is part of the company's capacity expansion plans in India [More](#).
- Cairn India Limited, a unit of UK's Cairn Energy, plans to invest \$2 billion in its Indian operations. The company expects to start production at its Mangala oil field in Rajasthan in the second half of 2009. [More](#)
- India's Infrastructure Company, GMR Group plans to buy 50% stake in US-based power generation firm, InterGen for \$1.2 billion. InterGen has nine plants with a production capacity of 5,235 MW in projects spread across countries like UK, Mexico, Australia, Philippines and Singapore. [More](#)
- India's leading cellular operator, Idea Cellular has acquired 40.8% stake in Spice Communications for approx \$679 million. This is the 4<sup>th</sup> largest M&A deal in India. [More](#)