



Policy Developments

- The Government of India has directed all commodity exchanges in India to divest foreign equity exceeding the permitted ceiling of 49% by June 30, 2009. According to guidelines for foreign investment in commodity exchanges, a composite ceiling of 49% is allowed, comprising 23% under portfolio investment and 26% under Foreign Direct Investment (FDI) route. Individual foreign companies holding stakes in Indian commodity exchanges in excess of 5% will also have to divest their stake by June 30, 2009. [More](#)

- The Government of India has approved the changes to channel downlinking guidelines to allow broadcasters to provide content to telecom service providers for Internet Protocol Television (IPTV). This will ensure an institutional policy framework for IPTV players. [More](#)

- Securities and Exchange Board of India (SEBI) has amended SEBI Disclosure and Investor Protection (DIP) guidelines, 2000 to reduce the timelines involved in rights issue process, modify pricing and eligibility provisions for Qualified Institutions Placement (QIP) and modify pricing provisions for preferential allotment to Qualified Institutional Buyers (QIBs). SEBI has decided to exclude sub-accounts falling in the categories of “foreign corporate” and “foreign individuals” from the definition of QIB. [More](#)

- The Reserve Bank of India (RBI) has issued fresh norms for restructuring loans, including non-industrial credit. The new regulations harmonise the prudential norms across all debt restructuring categories. [More](#)

- The Reserve Bank of India (RBI) has decided, in consultation with the Government of India, to allow Registered Trusts and Societies which have set up hospitals in India to make investment in the same sectors in a Joint Venture or Wholly Owned Subsidiary outside India, with the prior approval of the Reserve Bank. [More](#)

- The Government of India has granted full exemption from Central Excise Duty to goods procured for setting up Ultra Mega Power Projects based on super critical coal thermal technology, from which power

procurement has been tied up on the basis of tariff based competitive bidding. The exemption is applicable to goods procured for projects which are set up under Government of India initiative and have an installed capacity of 3960 MW or above. [More](#)

Economic News

- India's GDP grew at the rate of 7.9% in the first quarter of 2008-09 as compared to 9.2% for the same period in 2007-08, according to Central Statistical Organization. The economic activities which registered significant growth are ‘manufacturing’ at 5.6 per cent, ‘construction’ at 11.4 percent, ‘trade, hotels, transport and communication’ at 11.2 per cent, ‘financing, insurance, real estate and business services’ at 9.3 per cent, and ‘community, social and personal services’ at 8.4 per cent. The growth rates in ‘agriculture, forestry & fishing’, ‘mining & quarrying’ and ‘electricity, gas & water supply’ are estimated at 3.0 per cent, 4.8 per cent and 2.6 per cent, respectively during this period. [More](#)

- India and the 10-member ASEAN group have announced the conclusion of a deal for free trade agreement in goods. The free trade agreement in goods will be signed at the ASEAN-India summit in Bangkok in December 2008. Negotiations for trade in services and investment as a single undertaking will begin soon. [More](#)

- Indian companies plan to invest \$40 billion in fresh projects in 2008-09 according to the latest Reserve Bank of India Bulletin. The Bulletin reports that downside risks to corporate profitability have risen due to higher global oil prices, rising interest rates, input and wage costs. [More](#)

- India added 9.22 million wireless subscribers in July 2008 while the total wireless subscriber base stands at 296.08 million at the end of the month. The overall tele density is 29.08% and the total broadband subscriber base has reached 4.57 million. [More](#)

- India's annual commercial spending stood at \$2.3 trillion in 2007, an increase of 23% from 2006, according to data released by Visa, the world's major retail electronic payments network. [More](#)

- Investment commitments worth \$1.49 billion have been received for 45 blocks, bids for which were received in the latest auction under the Seventh round of National Exploration Licensing Policy (NELP). Of the 57 blocks offered under NELP, bids were received for 45. [More](#)
- India's power sector received investments worth \$44.76 billion in the first half of 2008, accounting for almost 30.9% of the overall investments in the corporate sector according to ASSOCHAM. [More](#)
- India's warehousing sector is expected to grow from \$20 billion in 2007-08 to about \$55 billion by 2010-11, growing at the rate of 35-30% every year according to a report by Cushman and Wakefield, a real estate consultancy firm. [More](#)
- Investments in India's Special Economic Zones (SEZs) may exceed \$45.8 billion by 2009 according to a senior official of India's Ministry of Commerce. The employment in SEZs is expected to increase fourfold by the end of December 2009. [More](#)

Corporate News

- ICICI Bank has entered into a \$250 million agreement with Export-Import Bank of United States to finance capital goods imports of Indian corporates from USA. The agreement, which is an extension of Indian Infrastructure facility of Export-Import Bank of United States, will provide credit support to international banks for financing of capital goods imports by Indian corporates. [More](#)
- The Export-Import Bank of the United States has approved a \$400 million long-term loan guarantee to support U.S. exports of equipment and services to India's Reliance Industries Ltd. (RIL) for its onshore and offshore oil and gas exploration and production activities in the Krishna Godavari Basin in the Bay of Bengal. [More](#)
- India's National Thermal Power Corporation (NTPC) is all set to become a 30,000 MW company by the end of 2008 after the commissioning of its 500 MW plant at Kahalgaon in Bihar in November, 2008. [More](#)
- ITC InfoTech Limited, a fully owned subsidiary of ITC Limited has acquired Pyxis Solutions, a US based

company offering quality assurance solutions and testing services for \$25 million. [More](#)

- Infosys Technologies has announced its decision to buy a leading UK-based consulting company, Axon Group for \$753.1 million. Axon has offices in UK, North America, Malaysia and Australia. [More](#)
- India's HCL Technologies has acquired US-based Control Point Solutions for \$20.8 million. Control Point provides voice, data and wireless telecommunications expense management services. [More](#)
- India's ONGC Videsh Limited has acquired 15% stake in UK-listed Imperial Energy for \$2.58 billion. The UK based company targets to raise its production capacity to 80,000 barrels per day by the end of 2011. [More](#)
- Singapore-based private equity firm, Millennium Spire Ltd has announced its decision to invest \$ 200 million in real estate projects in India during the next one year. [More](#)
- General Motors Corporation plans to invest \$200 million in a powertrain plant in India. The facility will have an annual capacity of 160,000 units. The company also plans to launch a small car in India in the second half of 2009. [More](#)

Visits and Events

During the visit of the high-level delegation from Karnataka headed by Honourable Minister for Large and Medium Industries, Mr. Murugesh R. Nirani, a Luncheon Business Session on Investment Opportunities in Karnataka was organized by Embassy of India through US-India Business Council at Washington DC on 25th August 2008. The Hon'ble Minister underlined the industrial potential of Karnataka while giving details of the human resources, infrastructure and facilities available for industries in the State. He invited fresh investments in Karnataka and assured all the support and help from the State Government.