



## Policy Developments

- The Reserve Bank of India (RBI) has decided to take certain measures to alleviate the pressures on the domestic money and foreign exchange markets in response to the recent developments in global financial markets. RBI will continue to sell foreign exchange (US dollar) through agent banks to augment supply in the domestic foreign exchange market or intervene directly to meet any demand-supply gaps. It has also decided to increase the interest rate ceiling on foreign currency and nonresident deposits and provide additional liquidity support to banks under Liquidity Adjustment Facility. [More](#)

- The Government of India has announced its decision to provide broadband connectivity to 5000 rural blocks with financial support from the Universal Service Obligation Fund. There are total 6000 rural blocks in India and Bharat Sanchar Nigam Limited (BSNL) is already providing fast internet services to 1,000 such blocks. [More](#)

- The Government of India has approved the implementation of the scheme for the establishment of 10 Mega Food Parks in the first phase out of 30 Mega Food Parks envisaged for the Eleventh Five Year Plan (2007-12). The scheme envisages raising the level of processing, value addition and reduction of the wastage of perishables to meet the targets of Vision 2015 of the Ministry of Food Processing. [More](#)

- The Government of India has approved the implementation of the National Policy on Biofuels and the setting up of National Biofuel Coordination Committee and Biofuel Steering Committee. Under the approved policy, the Government aims to raise blending of bio fuels with petrol and diesel to 20% by the year 2017. The National Biofuel Coordination Committee will be chaired by the Prime Minister while the Biofuel Steering Committee will be chaired by the Cabinet Secretary. [More](#)

- The Government of India has amended the third generation (3G) Telecom policy. It has been decided that only those who hold a Unified Access Service License or Cellular Mobile Telecom Service License or

who have previous experience of running 3G telecom services can bid for spectrum. The Government has also amended the norms for spectrum charges wherein companies will pay such charges at the rate of 1% on the incremental revenue due to 3G services. [More](#)

- The Government of India proposes to introduce a new Companies Bill in the Parliament. The main features of the proposed Bill are self-regulation, shareholders' democracy and minimal interference by the Government. The new Bill will streamline the approval process for mergers and acquisitions. [More](#)

## Economic News

- The Government of India has revised its target of power capacity addition to 90,000 MW in the 11<sup>th</sup> Five Year Plan (2007-12), an increase of 11,423 MW from the earlier estimate of 78,577 MW in order to meet the growing demand for electricity. [More](#)

- Exports from Special Economic Zones (SEZ) have surged to \$14.98 billion in 2007-08, as compared to \$5.13 billion in 2005-06, registering a growth of 192% according to a study by ASSOCHAM. [More](#)

- India focused Private Equity (PE) funds have raised \$3.5 billion in the first half of 2008 as against a total of \$8 billion in 2007, according to Venture Intelligence, a venture and private equity research firm. [More](#)

- India is likely to have 270 million 3G subscribers by 2013 according to a study by research agency, Strategy Analytics. The study estimates that 3G subscribers would account for one third of total wireless subscribers in the world by 2013. [More](#)

- India has been ranked 31<sup>st</sup> in the World Economic Forum's first *Financial Development Index* due to robust performance of its financial markets and non-banking institutions. [More](#)

- According to Reserve Bank of India (RBI), Indian private sector companies registered a 26 per cent upsurge in net profits in the financial year 2007-08, bolstered by a healthy sales growth, despite high interest rates and tax provisions. [More](#)

- India's indirect tax collection stood at \$24.56 billion for the period April-August, 2008, registering a growth of 12.6% as compared to the same period last year. The collections during April-August, 2008 amount to 35% of the Budget estimates for 2008-09. The direct tax collections during the same period stood at \$18.43 billion, registering a 38% increase as compared to the same period last year. [More](#)
  - According to *Deal tracker* of advisory firm Grant Thornton, the total number of Mergers and Acquisitions deals in India during the first eight months of 2008 stood at \$22.75 billion spread over 346 transactions as compared to 456 deals amounting to \$48.23 billion during the same period last year. The total number of Private Equity deals during January-August, 2008 was 246 with an announced value of \$8.69 billion as compared to 260 deals worth \$10.74 billion during the same period last year. [More](#)
  - India's contract manufacturing market is expected to touch \$2.46 billion by 2010 with a compounded annual growth rate of 41.7% according to a report by consulting firm, KPMG. According to the report, Indian companies would move up the value chain in the contract business. [More](#)
- Corporate News**
- India's major oil explorer, Oil India Limited has decided to set up a \$1.5 billion plant to extract oil from coal and is in talks with Coal India Limited. [More](#)
  - Ten Indian companies including Bharat Heavy Electricals Limited and Reliance Industries have featured in the Forbes list of Top 50 companies in the Asia Pacific region. The ranking showed how companies performed on parameters like long term profitability, sales and earnings growth etc. [More](#)
  - General Motors has announced its decision to invest \$500 million in addition to its earlier commitment to invest \$ 1 billion in India. The additional investment, spread over seven years up to 2015, will go into capacity expansion. [More](#)
  - Neyveli Lignite Corporation, India's leading mining and power company plans to invest approximately \$10.5 billion in India and overseas. [More](#)
  - Ranbaxy Fine Chemicals has succeeded in its bid to acquire US based chemicals company, Mallinckrodt Baker in a deal estimated at \$350 million. ICICI Venture is likely to fund the equity portion of the deal while the debt will be provided by ICICI Bank. [More](#)
  - Juniper Networks, leading maker of networking equipment plans to invest \$400 million in the next five years in India. The investment will focus on R&D activity. [More](#)
  - Indian Oil Corporation plans to invest nearly \$2.8 billion to upgrade its seven refineries to produce Euro-III and Euro-IV grade petrol and diesel from 2010. [More](#)
  - Tata Industries Limited (TIL), the promoter company of the Tata group, plans to invest \$350 million in international start-up businesses. [More](#)
  - India's telecom operator Mahanagar Telephone Nigam Limited (MTNL) plans to launch the first ever Third Generation (3G) mobile service on a test basis in Delhi by the end of September 2008. [More](#)
  - A real estate fund of Swiss financial firm, Credit Suisse plans to invest approx \$125 million in Provident Housing and Infrastructure, a subsidiary of Purvankara Projects. [More](#)
  - Reliance Money has entered into partnership with US-based brokerage firm, OptionsXpress Holdings Inc to gain access, custody and execution in US markets for its customers. [More](#)
  - Tishman Speyer, leading property developer and fund manager plans to raise a \$ 1 billion fund to invest in real estate projects in India. [More](#)
  - Goldman Sachs has launched its India equity fund and plans to invest at least 65% in stocks and the rest in debt and money market instruments. [More](#)
  - Tata Consultancy Services plans to enter into a joint venture with NTPC, NHPC and Power Finance Corporation to operate a national level power exchange. [More](#)