



POLICY UPDATE

- The Government of India in consultation with Reserve Bank of India (RBI) has decided to ease certain aspects of the External Commercial Borrowing (ECB) policy. It has also liberalized Foreign Institutional Investments (FIIs) in Government Securities and Corporate Bonds. As per the new policy, borrowers in infrastructure sector can avail ECB up to \$100 million for rupee expenditure for permissible end-uses under the Approval Route. The existing limit of \$20 million in case of other borrowers has been enhanced to \$50 million. All other aspects of ECB policy such as \$500 million limit per company per year under the Automatic Route, eligible borrower, recognized lender, end-use of foreign currency expenditure for import of capital goods and overseas investments etc. remain unchanged. The FII investment limit in Government Securities has been enhanced from \$3.2 billion to \$5 billion and for corporate bonds, from \$1.5 billion to \$3 billion. *More . . .*
- Securities and Exchange Board of India (SEBI) has amended regulations related to FIIs. The application forms for grant of registration as a FII and Sub Account has been modified to streamline the registration process. The type of securities in which FIIs are permitted to invest has been widened to include schemes floated by a Collective Investment Scheme. Asset management companies set up and/or owned by Non Resident Indians (NRIs) shall be eligible to be registered as FII subject to the condition that they shall not invest their proprietary funds. The broad based criterion for sub-accounts has been modified to include entities having at least 20 investors with no single investor holding more than 49% instead of 10% earlier. However to qualify as a sub-account, a foreign corporate must be listed abroad and must have assets of at least \$2 billion. *More . . .*
- The Government of India has finalized a Debt Waiver and Debt Relief Scheme for farmers as announced in the Budget for 2008-09. The Scheme has been circulated to banks for implementation by June 30, 2008. The scheme will cover direct agricultural loans extended to small and marginal farmers by Commercial Banks, Regional Rural Banks, Cooperative Credit Institutions and Local Area Banks. *More . . .*
- RBI has advised banks to report all suspicious transactions, including those over \$25,000 to the Financial Intelligence Unit. Banks should include transactions in the Suspicious Transactions Report if they have reasonable evidence that these involve proceeds of crime, though the amount may be below the threshold limit prescribed by the Prevention of Money Laundering Act. *More . . .*

NEWS HIGHLIGHTS

- India's Gross Domestic Product (GDP) grew at the rate of 9.0% in 2007-08 according to revised estimates by Central Statistical Organization (CSO). GDP growth for the same period had been estimated at 8.7% in the advance estimates. The upward revision was on account of revised estimates of production of agricultural crops. India's per capita income in real terms stood at Rs 24,231/- (approx \$605) in 2007-08. The growth rate in per capita income is estimated at 7.8% during 2007-08. *More . . .*
- India will join the 13-member group of 'miracle economies' that have recorded higher growth in a short span of time according to a report by UK-based Commission on Growth and Development.

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The report said that the 'miracle economies' are future-oriented and rely on functioning market system and decentralized decision making. [More . . .](#)

- Exports from India's Special Economic Zones (SEZs) stood at \$16.66 billion in 2007-08 as compared to \$8.65 billion in 2006-07, registering an increase of 92%. Sectors which contributed to export growth were gems and jewellery, trading and services and electronic hardware. [More . . .](#)
- Securities and Exchange Board of India (SEBI) has proposed to set up a dedicated stock exchange for Small and Medium Enterprises (SMEs) with relaxed norms. This will enable SMEs to access capital markets easily, quickly and at lower costs. [More . . .](#)
- Indian steel firms plan to invest \$21.06 billion in the coming months to expand capacity according to a study by Associated Chambers of Commerce and Industry of India (ASSOCHAM). [More . . .](#)
- India will attract Private Equity (PE) investments worth \$16 billion in the year 2008 according to the latest report by Four-S Services, a provider of research, financial consulting and business content services. According to the report, India will remain a popular destination for the next two-three years along with China, Brazil and Vietnam. [More . . .](#)
- India's foreign exchange earnings through medical tourism are expected to touch \$2 billion by 2012 according to a study by Associated Chambers of Commerce and Industry of India (ASSOCHAM) on prospects of medical tourism. [More . . .](#)
- The Government of India has launched 10 major port expansion projects in 2008-09 at an estimated investment of approx \$1.25 billion. The Government plans to invest over \$13.75 billion between 2005 and 2012 as per National Maritime Development Programme (NMDP). [More . . .](#)
- India's Spice exports crossed \$1 billion in 2007-08 as compared to \$792.95 million in 2006-07, registering an increase of 26% according to India's Spices Board. The spice export target for 2008-09 is set at \$1.2 billion. [More . . .](#)
- India's micro finance sector is estimated to grow to \$6.25 billion in the next four years according to a study conducted by Sa-Dhan, an association of community development finance institutions. The sector is estimated to be worth \$675 million at present and is projected to have a compounded annual growth rate of 76%. [More . . .](#)

Corporate News

- US-based Providence Equity Partners has invested \$640 million for a 20% stake in Aditya Birla Telecom (ABTL) – a wholly owned subsidiary of Idea Cellular. Providence's total exposure to the Birla Group's telecom business has now risen to over \$1 billion. [More . . .](#)
- India's Reliance Power launched the development of coal-based power project with a generation capacity of 3910 MW in Madhya Pradesh with an investment of approx \$4.5 billion. The project would be developed on an 80:30 debt-equity ratio. [More . . .](#)
- Robeco, Dutch Investment Bank plans to raise more than \$3 billion over five years in its first India-dedicated stock fund. Robeco is part of the Dutch Rabobank Group which managed \$227 billion in assets at the end of 2007. Robeco has a fund joint venture with India's Canara Bank. [More . . .](#)
- India's corporate sector raised \$4.2 billion through 21 Initial Public Offers (IPOs) in the first quarter of 2008 according to global deal data provider, Dealogic. The IPO of Reliance Power alone raised \$3 billion. [More . . .](#)
- Four Indian Information Technology and Telecom companies viz: Bharti Airtel, Reliance Communications, TCS and Infosys have entered the Economic Times Intelligence Group's latest list of 10 companies that have generated more than \$1 billion in net profit during 2007-08. [More . . .](#)
- Indian pharmaceutical company, Ranbaxy is likely to announce a drug discovery research tie up with US drug maker Merck. The research deal will be operationalised through Ranbaxy's de-merged research and development entity, Ranbaxy Life Science Research. [More . . .](#)
- India's Reliance Industries has entered into a \$1 billion joint venture with Vorando Realty Trust, a real estate fund listed on the New York Stock Exchange to set up a real estate fund. The fund will develop a network of mega malls and highway shopping centers in India. [More . . .](#)
- India's Reliance Big Entertainment Private Limited announced its entry into the US film production business with projects worth \$25-30 billion. [More . . .](#)