



POLICY UPDATE

- The Government of India liberalized the foreign direct investment policy in areas such as commodity exchanges, credit information, civil aviation, mining and public sector oil refineries. The amended policy allows 100 percent Foreign Direct investment (FDI) in maintenance, repair and overhauling facilities for aircraft and aviation training units. FDI upto 49% has been allowed in credit information companies with specific approval from the Government and regulatory clearance from Reserve Bank of India (RBI). FDI upto 26% and Foreign Institutional Investment (FII) upto 23% has been allowed in commodity exchanges subject to no single investor holding more than 5%. 100% FDI in titanium mining has been permitted. The FDI cap in public sector oil refineries has been raised to 49% from 26% at present. The condition of compulsory divestment of upto 26% equity in favour of an Indian partner/public for actual trading and marketing of petroleum products has been removed. *More . . .*
- Securities and Exchange Board of India (SEBI) has decided to remove the initial issue expenses for close ended mutual fund schemes. The SEBI Board cleared the proposal for listing of debt securities, eased disclosure norms for issue of debt market securities by listed companies and has made permanent the registration of market intermediaries. *More . . .*
- SEBI has increased the cumulative debt investment limit available for investment by Foreign Institutional Investors (FIIs)/Sub Accounts in Government Securities/Treasury Bills from US \$2.6 billion to \$3.2 billion. Investments by FIIs/Sub Accounts in debt oriented mutual funds shall be considered as corporate debt investments and reckoned within the stipulated limit of \$1.5 billion earmarked for investments in corporate debt. *More . . .*
- India's Pension Fund Regulatory and Development Authority (PFRDA) has decided to allow investment of money under the New Pension Scheme (NPS) in the stock market only through index funds in the initial years according to Mr. D. Swarup, Chairman, PFRDA. Government employees have two investment choices-either investing the entire contribution in government securities or invest 15% in equities and 85% in fixed income securities. *More . . .*
- Reserve Bank of India (RBI) in its third quarter review of annual statement on Monetary Policy for 2007-08 kept all the key rates unchanged with flexibility to change repo and reverse repo rates in the future. The real GDP growth has been projected at 8.5% for 2007-08 and inflation is expected to be contained at 5.0%. *More . . .*

NEWS HIGHLIGHTS

- The Indian economy grew at the rate of 9.6% during 2006-07 according to revised estimates of Central Statistical Organization (CSO). The per capita income grew at the rate of 8.1% in 2006-07. The average growth rate over the past four years now stands at 8.8%. *More . . .*
- 8.17 million new wireless telephone connections were added in December 2007. The total number of telephone connections in India reached 272.88 million. The overall teledensity increased to 23.89% according to Telecom Regulatory Authority of India (TRAI). *More . . .*

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- The Government of India approved the purchase of six C-130J Super Hercules military transport aircraft for special forces operations at a cost of about \$1 billion. The aircraft manufactured by Lockheed Martin is known for its ability to land in makeshift airstrips and rugged runways. [More . . .](#)
- The Government of India has received investment commitment of almost \$10 billion under the scheme to promote semiconductor fabs and, other micro and nano technology units. The Government had announced capital subsidies for investors under the Special Package Incentive Scheme to encourage investments in establishing semi conductor fabs, and other micro and nano technology manufacturing industries. [More . . .](#)
- Securities and Exchange Board of India (SEBI) signed a bilateral Memorandum of Understanding (MoU) with Securities and Exchange Commission of Pakistan (SECP) on assistance and mutual cooperation. The MoU was signed to establish a general framework for cooperation and mutual assistance between the regulatory authorities. [More . . .](#)
- Venture Capital firms invested \$543 million across 98 deals in India during 2007 according to study by Venture Intelligence in partnership with the US-India Venture Capital Association. The Information Technology (IT) and IT-Enabled Services industry attracted 65 investments worth about \$377 million. [More . . .](#)

Corporate News

- Tata Chemicals acquired General Chemical Industrial Products, a US based chemical company for \$1 billion. General Chemical is a significant soda ash producer with capacity of 2.5 million tons per annum. [More . . .](#)
- The US \$3 billion Initial Public Offer (IPO) of Reliance Power was oversubscribed 73 times and received subscription worth \$190 billion. Reliance Power has a diversified portfolio of 13 medium and large sized projects under development located at various places across India. [More . . .](#)
- India's leading commodity exchange, Multi Commodity Exchange (MCX) started live trading of carbon credit futures. MCX has a partnership with Chicago Climate Exchange. [More . . .](#)
- State Bank of India has been ranked as top loan arranger in the Asia Pacific region in 2007 by Britain based Project Finance International (PFI), a source of global project finance intelligence. The bank arranged loans worth \$4.87 billion covering 16 deals. [More . . .](#)
- Reliance Energy Ltd in consortium with Spain's CAF won a railway project worth \$633 million from the Delhi Metro Rail Corporation. [More . . .](#)
- India's telecom provider Bharti Airtel signed a \$150 million six year agreement with IBM for implementation of IT systems to launch differentiated services in broadband, IPTV and DTH segments. [More . . .](#)
- ICICI Venture launched a \$3 billion infrastructure fund to invest in road, port and power projects across the country and will help ICICI Venture achieve the target of \$10 billion assets under management by 2010. [More . . .](#)
- India's State Bank of India received the approval of Federal Reserve to set up a new branch in New York. The branch would offer a range of banking products and services, including permissible deposit accounts and small business loans. It would also undertake business of remittance, investment advisory and trade related services. [More . . .](#)
- French bank BNP has invested \$146.8 million in its banking operations in India which will enable the bank to offer enhanced credit lines to clients and become more active in local currency project financing. [More . . .](#)
- India's private mobile operator Vodafone announced investment of \$6 billion in next three years. It has set an ambitious target of a subscriber base of 100 million from the current 40 million. [More . . .](#)
- Volkswagen is setting up a \$592 million production plant in Pune for manufacture of cars specifically designed for India and plans to make India as base to make cars exclusively for the world market. [More . . .](#)