



Policy Developments

India's Finance Minister, Mr. Pranab Mukherjee addressed his first press conference on 27th May, 2009. He said that the new Government proposes to present the Budget in the first week of July. He stated that the topmost priority of the Government would be to revive the growth momentum of the economy which has been affected by the global financial crisis. He added that the Government will focus on implementing and strengthening its infrastructure investments, and seize the opportunity presented by the current circumstances for pushing long pending reform measures in the area of financial sector and real economy, to make the economy more competitive and the economic regulatory system more efficient, quick and responsive to global developments. He also mentioned that the amendment to Prevention of Money Laundering Act, passed by the Parliament recently, will be brought into force to make India's anti-money laundering regime stronger. [More](#)

The Government of India had issued the guidelines for foreign investment in Commodity Exchanges in March, 2008. As per the guidelines, a composite ceiling for foreign investment of 49% was allowed with prior Government approval, subject to the condition that investment under the Portfolio Investment Scheme will be limited to 23% and that under the FDI Scheme will be limited to 26%. Commodity exchanges were permitted to avail of transition time till 30th June, 2009 to adhere to the guidelines. It has now been decided to allow a further transition time till 30th September, 2009 for this purpose. [More](#)

Reserve Bank of India (RBI) has decided to defer the implementation of Capital to Risk Weighted Assets Ratio (CRAR) of 12 per cent and 15 percent for Non Banking Financial Companies (NBFCs) to March 31, 2010 and March 31, 2011 respectively. RBI had earlier indicated that the CRAR for NBFCs would be raised from 10 per cent to 12 per cent by March 31, 2009 and further to 15 per cent by March 31, 2010. [More](#)

Economic News

India's real Gross Domestic Product recorded a growth of 6.7% in 2008-09, according to the revised estimates of the Central Statistical Organization. The sectors which showed growth rates of 5 per cent or more, are 'construction' (7.2 per cent), 'trade, hotels, transport and communication' (9.0 per cent), 'financing, insurance, real estate and business services' (7.8 per cent), and 'community, social and personal services' (13.1 per cent). The GDP for the last quarter of 2008-09 grew by 5.8%. [More](#)

Inflows from Foreign institutional investors (FIIs) into the equity market in the month of May touched Rs 20,117 crore (approximately \$4 billion). This confidence helped drive up the Bombay Stock Exchange index by 28.3 per cent in the month. [More](#)

Morgan Stanley, in a recent research report, has upgraded the growth forecast for India at 5.8% for the financial year 2009-10 compared to their previous estimate of 4.4%. They have also increased their forecast for 2010-11 from 6.2% to 6.8%. They have estimated higher private consumption and infrastructure spending and slightly higher trough for private corporate capital spending. However, they have suggested that variation in global growth is a risk factor that could influence India's outlook via its impact on capital inflows and external demand.

Business confidence in Indian industry improved for the first half of the current fiscal year even as concerns about the global economic downturn weighed heavily, according to a survey by Confederation of Indian Industry (CII). [More](#)

The total number of private equity deals in India during the first four months of 2009 stood at 56 with an announced value of \$1.31 billion, as compared to 149 deals worth \$4.68 billion during the same period in 2008, according to a report by consultancy firm, Grant Thornton. [More](#)

🌀 India has been ranked as the third best country, after Australia and China that will tide over the global economic crisis according to the Servcorp International Business Confidence Survey. [More](#)

🌀 India added 11.90 million wireless subscribers in April 2009 as against an addition of 15.64 million during the previous month, taking the total subscriber base to 403.66 million according to the Telecom Regulatory Authority of India. The overall tele-density has reached 37.94 at the end of April as against 36.98 in March 2009. [More](#)

🌀 India has become the second country in the world to have more than 100 million CDMA based mobile phone subscribers after the US, which has 157 million users according to the CDMA Development Group, an industry body. [More](#)

🌀 India's exports and imports were valued at \$10.74 billion and \$15.75 billion respectively during April, 2009. Both exports and imports were lower by 33.2% and 36.6 per cent (in dollar terms) respectively over April, 2008. [More](#)

🌀 63% of Indian IT organizations have deployed green server rooms to increase energy efficiency, according to a joint study by IBM and InfoTech Research Group. The study notes that these companies are eager to actively invest in initiatives that reduce the environmental impact of their information technology. [More](#)

🌀 India's Annual (year-on-year) rate of inflation held steady at 0.6 per cent in the week ended May 16, 2009 as in the previous week, marking almost 3 months of persistence in the 0 – 1 per cent range. In contrast, inflation had recorded a rate of 8.7 per cent in the corresponding week of 2008-09. [More](#)

Corporate News

🌀 GE Healthcare, an arm of the US conglomerate General Electric Co, is setting up a facility in Bangalore

to refurbish medical equipment, a segment that constitutes about 7-8% of its total sales in India. [More](#)

🌀 Luxury hotel chain Marriott International plans to open 24 new properties in India over the next three years. The company, which largely operates through management contracts, has entered into deal for the properties with real estate developers. [More](#)

🌀 Bharti Wal-Mart Private Ltd, the joint venture between Bharti Enterprises and Wal-Mart, has opened its first cash-and-carry (wholesale) store in India at Amritsar in Punjab. The joint venture would invest over \$100 million (about Rs 470 crore) in setting up 15 more such outlets in the next three-four years. [More](#)

🌀 India is poised to enter the premier league of global mergers and acquisitions with proposed acquisition of South African telecom player, MTN by India's Bharti Airtel for \$ 29 billion. [More](#)

🌀 Big Cinemas, a part of the Reliance Group has launched its first multiplex in Chicago, USA as part of its strategy to actively promote and ensure better reach of Indian movies. [More](#)

🌀 India's Life Insurance Corporation plans to invest Rs 50,000 crore (approx \$ 10 billion) in the Indian equity market in the current financial year, as compared to an investment of Rs 40,000 crore (approx \$8 billion) in 2008-09. [More](#)

🌀 Ericsson, the Swedish telecom equipment manufacturer, plans to increase its investment in India and make it a global hub for its managed services. [More](#)

🌀 Ratnagiri Gas & Power Ltd. has signed a five-year contract to buy gas from Reliance Industries (RIL). The development will help the utility to achieve full production capacity by March, 2010. [More](#)