



## Prime Minister visits U.S.



• India's Prime Minister, Dr. Manmohan Singh visited Washington, DC, USA on 14<sup>th</sup> - 15<sup>th</sup> November, 2008 to attend the Summit of the Heads of State or Governments of the G-20 countries on Financial Markets and the World Economy. He was accompanied by the Finance Minister, Mr. P. Chidambaram, Deputy Chairman, Planning Commission, Mr. Montek Singh Ahluwalia, Secretary (Economic Affairs), Mr. Ashok Chawla, Commerce Secretary, Mr. G.K. Pillai and other senior officials.

• The Prime Minister in his statement at the Summit said that the financial crisis has choked normal credit channels and triggered a worldwide collapse in stock markets which has clearly affected the real economy. He, however, added that India's growth is internally driven and can maintain a strong pace of growth in coming years. He noted the need to distinguish between the immediate priority of bringing the crisis under control as quickly as possible with as little adverse effect on the developing countries, and the medium term objective of reforming the global financial architecture to prevent similar crises in the future. He said that the new global financial architecture must include a credible system of multilateral surveillance that can signal the emergence of imbalances which can have systemic effects. On long term reform of the IMF, he said that an important element is to restructure the representation in the governance levels of the Fund to reflect current and prospective economic realities. He further said that the world has changed sufficiently to need a new architecture, but this can only be done on

the basis of much greater preparation and consultation. [More](#)

• Deputy Chairman, Planning Commission, Mr. Montek Singh Ahluwalia, accompanied by the Indian Ambassador, Mr. Ronen Sen, had a bilateral meeting with his US counterpart, Mr. Dan Price focusing on issues before the summit.

• The Deputy Chairman accompanied by the Indian Ambassador also had a meeting with former Secretary of State Madeleine Albright and Congressman Jim Leach, nominated by President-elect Barack Obama to meet with delegations at the G-20 Summit on his behalf. There was an exchange of views on issues related to the current international economic and financial crisis, the Summit, and also bilateral relations. Secretary Albright, *inter alia*, conveyed that the President-elect attached high priority to the further strengthening of relations between India and the US.

## Policy Developments

• India's Prime Minister has constituted an Apex group under his chairmanship to coordinate/decide the Government's response to the points raised by industry from time to time with regard to the current global financial crisis and its impact on India. The members of the Apex Group include the Finance Minister, Commerce and Industry Minister, Deputy Chairman, Planning Commission and the Governor, Reserve Bank of India. The Prime Minister has also approved a Committee of Officers chaired by the Finance Secretary that will meet on a daily basis or as often as required to consider issues raised by industry. [More](#)

• Securities and Exchange Board of India (SEBI) has issued norms regarding legal framework for setting up separate stock exchange for small and medium enterprises. SEBI has said that these exchanges should be corporatized since inception and demutualised within 1 to 2 years from the date of trading. [More](#)

• Reserve Bank of India (RBI) has decided to take various measures in view of the fact that global financial conditions continue to be uncertain and unsettled with ripple effects on domestic money, foreign exchange and credit markets. RBI has decided to continue the

special term repo facility introduced for the purpose of meeting liquidity requirements of Mutual Funds and Non Banking Finance Companies till end of March 2009. The interest rate ceilings on Foreign Currency Non Resident Bank Deposits and Non Resident External Rupee Accounts have been increased. RBI has decided to allow, as a temporary measure, housing finance companies registered with National Housing Bank to raise short term foreign currency borrowings under the approval route. [More](#)

- Reserve Bank of India has decided to provide foreign exchange liquidity to Indian public and private sector banks having foreign branches and subsidiaries, through foreign exchange swaps of tenors up to three months to provide flexibility in managing their short term funding requirements at their overseas offices. [More](#)

### **Economic News**

- India's FDI inflows stood at \$19.3 billion during April-September, 2008, compared to \$7.5 billion during the same period last year, an increase of almost 157%, according to the latest RBI Bulletin. [More](#)

- India's direct tax collections during the first seven months of 2008-09 stood at \$33.38 billion as compared to \$25.77 billion during the same period last year, registering a growth of 29.52%. Growth in corporate taxes and personal income taxes stood at 33.49% and 23.14% respectively. [More](#)

- Indian Renewable Energy Development Agency (IREDA), an enterprise under India's Ministry of New and Renewable Energy, has plans to invest Rs 17,000 crore (approx \$3.5 billion) to fund renewable energy sector projects during the 11<sup>th</sup> Five Year Plan (2007-2012). The Government established IREDA to promote, develop and extend financial assistance for renewable energy and energy efficiency projects by raising funds from the domestic and international markets. [More](#)

- The Indian food industry is set to grow to \$300 billion by 2015 according to a report by FICCI and Technopak. The report notes that food processing, the major sector in the Indian food industry, currently gives direct employment to 2 million workers. [More](#)

- India's financial capital, Mumbai offers the best financial services environment, ahead of Shanghai and

Kuala Lumpur among the centers of commerce in emerging countries, according to a survey by MasterCard. The survey covers 65 cities in emerging markets. [More](#)

- Reserve Bank of India has cleared proposals of 10 foreign Venture Capital Funds which are adequately capitalized. These VCFs have committed a total of \$4 - \$5 billion to India. [More](#)

### **Corporate News**

- DoCoMo, the Japanese telecom company, has picked up 26% stake in Tata Teleservices for about \$2.7 billion. DoCoMo is one of the leading mobile companies with 53 million customers worldwide. [More](#)

- SAP India, the business software solutions Company, has decided to go ahead with its commitment to invest \$1 billion in India by 2010 and expects to meet its employee headcount target of 7,000 by 2010 despite global economic slowdown. The company currently employs 5,200 employees in India. [More](#)

- Bharti Wal-Mart, the grocery and retail chain operator, has decided to go ahead with its plans to launch its cash and carry stores despite global market instability. Bharti Wal-Mart is a joint venture between Bharti Enterprises and US retail major Wal-Mart. [More](#)

- India's Jet Airways has entered into an agreement with United Airlines of the US to increase connectivity on the busy India-US sector. It will enable passengers of both carriers to tap into their respective international networks. [More](#)