



Policy Developments

- The Reserve Bank of India presented the First Quarter Review of the Annual Statement on Monetary Policy for 2008-09 on July 29, 2008. The overall stance of monetary policy would continue to ensure a monetary and interest rate environment that accords high priority to price stability, well-anchored inflation expectations and orderly conditions in financial markets while being conducive to continuation of the growth momentum. The review states that bringing down inflation from the current high levels and stabilizing inflation expectations assumes the highest priority in the stance of monetary policy. The Bank Rate has been kept unchanged at 6.00%. The Repo Rate has been increased by 50 basis points from 8.5% to 9.0% with immediate effect. The Cash Reserve Ratio has been increased by 25 basis points to 9.0% with effect from the fortnight beginning August 30, 2008. The GDP growth projection for 2008-09 has been revised from the range of 8.0-8.5% to around 8.0%. The review states that a realistic policy endeavor would be to bring inflation to a level close to 7.0% by March 2009 from the current level of 11.0-12.0%. [More](#)

- India's Department of Telecommunications has decided to waive license fee on rural land line telephones in an effort to promote telephone use in rural areas. It is intended to give a boost to e-governance through provision of more broadband services in rural areas, thus reducing the digital divide. It has also decided to reduce the levy towards the Universal Service Obligation (USO) from the present 5% to 3% of the Adjusted Gross Revenue (AGR) in case of those telecom service providers who have already covered 95% of the rural areas. The latest decisions are in line with the Government's policy of promotion of rural telephony and accessibility of telephone in remote areas. The Government aims to achieve rural teledensity of 25% by means of 200 million rural connections at the end of the 11th Plan. [More](#)

- Reserve Bank of India issued a directive stating that no single investor, whether resident in India or outside India can hold more than 10% of the equity capital of

any credit information company. The ceiling of 10% will be equally applicable for investments made under the Foreign Direct Investment Scheme. This is in line with its policy of ensuring well diversified ownership of banks and other entities in the financial sector as well as entities in the financial sector infrastructure. [More](#)

News Highlights

- Reserve Bank of India's deposits with foreign commercial banks and external asset managers declined to \$6.01 billion as on March 31, 2008 from \$35.39 billion a year ago. During the same period, deposits with other Central Banks, Bank for International Settlements and International Monetary Fund increased to \$189.64 billion, from \$137.34 billion according to its report on foreign exchange reserves. [More](#)

- India added 8.94 million wireless subscribers in June 2008. The total wireless subscriber base stood at 286.86 million at the end of June 2008. The overall tele-density was 28.33% and the broadband subscriber base also reached 4.38 million by the end of June 2008. [More](#)

- Private Equity Investments in India witnessed an increase of 55% in value terms and stood at \$10.4 billion during the six months of 2008, driven by significant deals announced in the real estate and infrastructure sector. There were 207 deals worth \$10.4 billion in first half of 2008 as against 178 transactions worth \$6.69 billion during the same period in 2007 according to data compiled by Four-S Services, a research and consultancy firm. [More](#)

- The US FDA is planning to set up offices in India by 2009. In its latest newsletter, FDA has said that it will set up offices in Mumbai and Delhi to intensify its monitoring efforts. The FDA is also in the process of finalizing an agreement with the Chinese Government to open three offices in China. [More](#)

- Twelve major ports in India have registered an 8.79% growth in cargo throughput during the first quarter of 2008-09. Jawaharlal Nehru Port Trust registered a maximum traffic growth of 18.83%. [More](#)

- Indian Railways has earned approx \$4.8 billion in the first quarter of 2008-09, registering an increase of 18.4%. The railway ministry officials are confident of meeting the budgeted targets for 2008-09. [More](#)
- The Indian food market will grow two fold by 2025 according to a study by McKinsey & Co. The market size for the food consumption category in India is expected to grow from \$155 billion in 2005 to \$344 billion in 2025 at a compounded annual growth rate of 4.1%. [More](#)
- India's share in global service exports will increase to 6% by 2012 from the current 2.7% according to a report by National Council of Applied Economic Research. According to the report, India has to push for effective market access for its service sectors, both under bilateral and regional trading arrangements and WTO framework. [More](#)
- UK-based CDC group plans to invest \$185 million in six India focused private equity funds. These six private equity funds are expected to raise a total of over \$2.47 billion for investment in India. [More](#)
- Boeing, world's major commercial aircraft maker has projected demand for nearly 1000 aircrafts from 2008 to 2017, which is worth more than \$105 billion at current prices. [More](#)
- Tata Power has plans to generate 1000 MW of renewable energy from both solar and wind in Gujarat. Asian Development Bank has extended financial support for the construction and operation of wind energy facilities of Tata Power. [More](#)
- Hyundai Motors plans to make India global hub for manufacture and export of its small cars. Their upcoming model i20 will be solely manufactured in India and will enter the Indian market in November 2008. [More](#)

Corporate News

- India's software firm, Tech Mahindra has bagged a \$700 million contract from BT Group, the UK-based telecom and broadband conglomerate. The software firm will help the conglomerate in transforming its IT infrastructure. [More](#)
- US based Trump Organization, Inc plans to set up a \$1 billion fund to invest in property in India. India had recorded the world's highest growth in millionaires in 2007 which is the reason behind the huge demand for luxury homes. [More](#)
- Benchmark Asset Management Company plans to launch India's first exchange traded fund tracking silver. The regulations by Securities Exchange Board of India (SEBI) permit mutual funds to invest in global funds tracking any commodity. [More](#)
- India's Bharat Sanchar Nigam Limited (BSNL) plans to invest approx \$10.5 billion over the next three years mainly on network expansion. BSNL is turning towards broadband, network monitoring for its growth. [More](#)
- Ranbaxy has emerged as the market leader in the domestic pharmaceutical retail market with a share of 5.2% followed by Cipla at 5.1% during the first quarter of 2008-09. [More](#)