



Policy Developments

- The Government of India has announced detailed guidelines for third generation (3G) and broadband wireless access (BWA) services laying out the roadmap for rolling out these services in the country. 3G spectrum would enable service providers to provide good quality services to a large number of subscribers. BWA services will ensure quick roll out and enhanced penetration of broadband especially in rural areas. The 3G spectrum would be allocated through a simultaneous, ascending e-auction process, which shall be conducted by a specialised agency. The number of blocks to be auctioned would vary subject to the availability of spectrum in different telecom service areas. The actual number of blocks to be auctioned in each telecom service area will be announced before the auction. There will be no annual spectrum charge for 3G telecom services in the first year from the date of allotment of spectrum. There will be roll out obligation to avoid spectrum hoarding. [More](#)

- Reserve Bank of India (RBI) has issued directives regarding the introduction of trading in Currency Futures in India. The Currency Futures will be permitted in US Dollar-Indian Rupee or any other currency pairs, as may be approved by the RBI from time to time. According to the directives, only persons resident in India can purchase or sell Currency Futures to hedge an exposure to foreign exchange rate risk. Banks authorized by RBI under section 10 of the Foreign Exchange Management Act, 1999 as "Authorized Dealer-I banks" have been permitted to become trading and clearing members of the Currency Futures market of the recognized stock exchanges subject to fulfilling minimum prudential requirements. The contracts shall be traded and quoted in Indian rupees and maturity shall not exceed 12 months. The surveillance and disclosure of transactions in the currency futures market shall be carried out in accordance with the guidelines issued by Securities and Exchange Board of India. [More](#)

- The Government of India has approved a policy for new investments in the Urea sector aiming at addition of production capacities through revamp and expansion

of existing units, revival of closed units and Greenfield projects. The pricing policy is based on market parameters and is expected to bring about improvement in efficiencies. The new policy is a departure from existing policies which are based on cost plus approach with a 12% post tax return to the manufacturers. [More](#)

News Highlights

- The Prime Minister's Economic Advisory Council released the "*Economic Outlook for 2008-09*" on August 13, 2008. According to the Outlook, the economy is expected to grow at 7.7% during 2008-09. The Investment rate is projected at 37.5% of GDP and Savings at 34.5% of GDP during the year. The document states that coordinated policy action can bring inflation down to 8-9% by March 2009 and acknowledges the impact of the adverse global environment on the Indian economy. [More](#)

- The Government of India's Public Private Partnership Appraisal Committee has approved 10 projects of National Highways with an estimated project cost of approx \$2.6 billion. The Committee has granted approval to 65 projects, including highways, ports, airports and tourism infrastructure with an estimated project cost of approx \$13.3 billion since its constitution in January 2006. [More](#)

- According to RBI, Foreign Direct Investment (FDI) flows in India stood at \$10.07 billion for the first quarter of 2008-09, compared to \$4.9 billion for the same period in 2007-08. [More](#)

- Foreign venture capital investors invested approx \$4.2 billion in Indian companies during the first quarter of 2008-09. IT and real estate companies account for majority of such investments. [More](#)

- The Indian real estate sector is worth \$15 billion at present and is expected to receive foreign direct investment worth \$25 billion in the next 10 years, according to an ASSOCHAM study. [More](#)

- Securities and Exchange Board of India (SEBI) plans to improve the securities lending and borrowing platform introduced in April 2008 by extending the current 7 day tenor for stock lending. According to market participants, the 7 day restriction for borrowing stock makes it difficult to take advantage of arbitrage opportunities between cash and derivatives market. [More](#)
- The Government of India has decided to set up three more ultra mega power projects (UMPPs), with 4000 MW capacity each, in Tamil Nadu, Maharashtra and Orissa. The three UMPPs which have been awarded so far are Mundra in Gujarat, Sasan in Madhya Pradesh and Krishnapatnam in Andhra Pradesh. [More](#)
- India ranks 12th in the global list of top 15 automakers, according to United Nations Industrial Development Organization's *International Yearbook of Industrial Statistics 2008*. India was placed fifth among the top 15 textile producers in the world. [More](#)

Corporate News

- **Tata Teleservices** plans to invest \$2 billion over the next two years for the expansion of its telecom business with significant amount of investment laid out for providing comprehensive GSM mobile services in India. [More](#)
- India's **Power Grid Corporation** plans to invest \$2.23 billion in a range of projects in the current fiscal year. The investment entails a common scheme for network for all the four regions. [More](#)
- The Government of India has decided to allot 3G spectrum to **Bharat Sanchar Nigam Limited** (BSNL) and **Mahanagar Telephone Nigam Limited** (MTNL) with immediate effect. The two companies would not have to wait for the auction of 3G frequencies. BSNL and MTNL will pay spectrum charges equal to the highest bid in the respective service areas for the spectrum blocks released to them. [More](#)
- **News Corporation** plans to invest \$100 million in the next 12 months to start six regional channels under the Star brand. **Dow Jones**, a News Corporation company, has also announced the launch of *Dow Jones India Titans 30 Index*, which tracks the stock-market performance of prominent Indian companies. [More](#)
- India's **Mahindra & Mahindra** plans to launch a small pickup truck next year in the United States under its flagship brand. Mahindra & Mahindra sells tractors to US farmers and has three local assembly plants in the US. [More](#)
- **Toyota** plans to invest \$659.40 million in India as part of its plan to introduce a strategic small car in India by 2010. Toyota Motor Company presently holds 89% equity stake in Toyota Kirloskar Motors, which is the joint venture of Toyota in India. [More](#)
- **Microsoft India Development Centre** (MSIDC) inaugurated its new facility at Hyderabad, India, which is its largest outside USA. The building has been constructed to meet global quality standards and can house more than 2000 employees. [More](#)
- **Credit Suisse**, the Swiss financial services company has invested \$100 million in Hyderabad based real estate company, **Indu Projects**. Citigroup's private equity arm had invested \$50 million in the same company two years ago. [More](#)
- **National Stock Exchange**, India's leading stock exchange has received an in-principle approval from SEBI to start an exchange to trade foreign currency derivatives. The exchange will have a separate segment on its existing stock and derivatives bourse to trade in foreign currency derivatives. [More](#)
- India's leading power generator, **National Thermal Power Corporation Limited**, and **Power Finance Corporation** plan to set up another electricity exchange. **National Hydro Power Corporation** and **Tata Consultancy Services** will also be partners in the joint venture. This will be India's third electricity exchange. [More](#)