



Policy Developments

☞ The Pension Fund Regulatory and Development Authority (PFRDA) has announced investment guidelines for the New Pension System (NPS). Pension Fund Managers will manage 3 separate schemes, each investing in a different asset class. These assets classes are (i) Equity ("E" class), (ii) Government securities ("G class") and (iii) Credit risk bearing fixed income instruments ("C" class). On the basis of the recommendations of the NPS Trust and on advice from the Government, it has been decided that investment by an NPS participant in equity would be subject to a cap of 50 per cent. The fund managers will invest only in index funds that replicate either BSE sensitive index or NSE Nifty 50 index. The subscriber will have the option to actively decide as to how the NPS pension wealth is to be invested in three asset classes. In case the subscriber is unable/unwilling to exercise any choice as regards asset allocation, his/her contribution will be invested in accordance with the 'Auto choice' option. In this option, the investment will be determined by a predefined portfolio. At the lowest age of entry (18 years) the auto choice will entail investment of 50 % of pension wealth in "E" Class, 30% in "C" Class and 20% in "G" Class. These ratios of investment will remain fixed for all contributions until the participant reaches the age of 36. From age 36 onwards, the weight in "E" and "C" asset class will decrease annually and the weight in "G" class will increase annually till it reaches 10% in "E", 10% in "C" and 80 % in "G" class at age 55. [More](#)

☞ Securities and Exchange Board of India (SEBI) has simplified rules governing the issue of corporate debt paper. The simplified listing agreement for debt securities require minimal incremental disclosures because a large body of information is already in the public domain and material developments are disclosed under equity listing agreements on a continuous basis. However, where the equity of an issuer is not listed, detailed disclosures would still be required, but would be less than that required when making an offer to buy shares. It has made mandatory for companies seeking listing of corporate bonds and other debt

instruments to maintain adequate security cover for them at all times. The 100 per cent security cover for listed debt instruments will have to be provided by listed as well as unlisted companies. [More](#)

☞ Securities and Exchange Board of India has decided that no single foreign institutional investor(FII) should be allocated more than Rs 1,000 crore (approx \$200 million) in the unutilized investment limits for Government debt. According to debt investment norms for FIIs, a minimum of Rs 250 crore (\$50 million) can be bid for, with the minimum tick size being Rs 100 crore (\$20 million). [More](#)

Economic News

☞ The volumes in India's corporate debt market witnessed a sharp surge in volumes from Rs 96,119 crores (\$19.2 billion) in 2007-08 to Rs 148752 crores (\$29.75 billion) in 2008-09, an increase of 55%, according to data released by Securities Exchange Board of India. The volumes for the month of April 2009 stood at Rs 31593.38 crores (\$6.32 billion) as compared to Rs 10072.97 crores (\$2.01 billion) for April, 2008, an increase of almost 214%. [More](#)

☞ The corporate profit growth for 210 leading companies listed on the Bombay Stock Exchange was 0.8% for the last quarter of 2008-09, as compared to 21% witnessed in the same quarter, a year ago. The same set of companies witnessed a growth of 2.3% in net profit for the entire period of 2008-09 against 29.3% for 2007-08. [More](#)

☞ According to the Quick Estimates of Index of Industrial Production (IIP) with base 1993-94 for the month of March 2009 released by the Central Statistical Organization, the Index stands at 297.9, which is 2.3% lower as compared to the level in the month of March 2008. The cumulative growth for the period April-March 2008-09 stands at 2.4% over the corresponding period of the previous year. [More](#)

☞ Small and medium enterprises (SMEs) are likely to account for 22% of India's GDP, up from 17% now, in

the next three years on the back of technological upgrade, according to a study by industry body Assocham. [More](#)

☞ The assets under management of India's mutual funds grew by 11.8 per cent in April, 2009 to Rs 5, 51,299.95 crore (\$110.32 billion). The major part of the inflows came into liquid funds and ultra short term debt funds. [More](#)

☞ Net inflows through various NRI deposits increased from \$179 million in 2007-08 to \$3.99 billion in 2008-09. These include inflows through foreign currency non-resident-banks (FCNR-B), nonresident (external) rupee accounts (NRE-RA) and non-resident ordinary (NRO) deposit schemes according to data released by Reserve Bank of India. [More](#)

☞ During the period January-May 15, 2009, Net FII inflows in India's equity market stood at \$ 1.93 billion. However, during the same period, the debt market witnessed outflows of \$735.7 million, according to data from SEBI. [More](#)

☞ Foreign Direct Investment into India for the year 2008-09 stood at \$ 33.61 billion, compared to \$ 34.36 billion for the period 2007-08, a marginal decline of 2.18% according to the latest RBI Bulletin for April, 2009. [More](#)

☞ Indian companies have drawn up plans to raise nearly Rs 50,000 crore(approx \$10 billion) through Qualified Institutional Placements, rights issues and non-convertible debentures to fund their working capital needs over the next six months. [More](#)

☞ The confidence of service sector firms in the BRIC countries, including India, has witnessed a sharp rise in April, 2009 on expectations of faster growth in business activity, revenues and recruitment in the next 12 months, according to a KPMG survey titled "The 2009 BRIC Services Business Outlook". The BRIC Business Outlook Survey shows that India's service sector is set to grow solidly in the coming 12 months. [More](#)

Corporate News

☞ Honeywell International Inc. expects business at its India unit to rise at double the pace of its growth in developed markets, The firm has expanded its India workforce, which includes software professionals and aerospace researchers, to 11,000 from around 500 some six years ago. It expects revenue from India to be \$600 million in 2009. [More](#)

☞ Jubilant Biosys Ltd, the Bangalore-based subsidiary of Jubilant Organosys Ltd, has signed a research collaboration agreement with US major AstraZeneca, focusing on delivering novel drugs into the international pharmaceutical company's pre-clinical pipeline. [More](#)

☞ IDFC Project Equity Co Ltd set up by Infrastructure Development Finance Company (IDFC) as an infrastructure equity investment management company, plans to invest about \$110 million in two major infrastructure projects. IDFC Project Equity manages the India Infrastructure Fund (IIF), a SEBI-registered domestic venture capital fund, which currently manages a corpus of \$875 million. [More](#)

☞ India's Oil and Natural Gas Corporation plans to invest Rs 6000 crore (\$1.2 billion) in new and existing fields in the year 2008-09 to raise output. The investment would be funded from internal accruals. [More](#)

☞ Dow Jones and Co Inc, a unit of News Corp, plans to double its investment in India over each of the next two years, making it one of its largest operating centres outside the US. [More](#)

☞ US-based welding equipment manufacturing company Lincoln Electric inaugurated its manufacturing unit for the Indian market. The NASDAQ listed company has invested US \$ 20 million on the plant. [More](#)

☞ ICICI Bank has entered into an agreement with Visa to issue debit cards in the US. Under the agreement, ICICI Bank's New York branch will issue Visa debit cards to its Global Indian account and other checking account customers. [More](#)