



## Policy Developments

The Government of India in consultation with Reserve Bank of India (RBI) has decided to allow Special Economic Zone (SEZ) developers to avail of External Commercial Borrowings (ECB) under the approval route for providing infrastructure facilities within the SEZ. However, ECB will not be permissible for development of integrated township and commercial real estate within the SEZ. [More](#)

Securities and Exchange Board of India (SEBI), has decided that an issuer who makes the public issue of shares through book building may allocate on a discretionary basis up to 30% of the quota for Qualified Institutional Buyers (QIB) to an anchor investor who is a QIB. The anchor investor will get an assured allotment of shares and will help in building a committed set of investors who may be relied upon to anchor the issue in adverse times. [More](#)

The Securities and Exchange Board of India has directed that there will be no entry load on all mutual fund schemes from August 1, 2009. The entry load is a fee that asset management companies, or AMCs, deduct from the amount of money an investor puts in a scheme to pay for marketing and distribution expenses, including distributor's commission. [More](#)

## Economic News

The World Bank has projected an 8% growth for India in 2010, which will make it the fastest-growing economy for the first time; overtaking China's expected 7.7% growth. It has revised upwards the growth rate for the Indian economy this year to 5.1% from an earlier projection of 4%, according to its Global Development Finance Report. [More](#)

India's external debt, as at end-March 2009, was placed at US \$ 229.9 billion (22.0 per cent of GDP) recording an increase of US \$ 5.3 billion or 2.4 per cent over the level of the previous year. By way of composition of external debt, the share of commercial

borrowings was the highest at 27.3 per cent followed by short-term debt (21.5 per cent), NRI deposits (18.1 per cent) and multilateral debt (17.2 per cent). [More](#)

The inward remittances by Indians working overseas increased from \$21.92 billion in 2007-08 to \$23.15 billion in 2008-09, an increase of 5.6%. These remittances account for nearly 50% of the private transfers to India. [More](#)

The disbursements of external commercial borrowings (ECBs) to India stood at US\$ 13.4 billion during 2008-09, less than half of the previous year (US\$ 28.8 billion), mainly due to tight liquidity conditions in the overseas markets. Net ECBs inflow slowed down to US\$ 8.2 billion in 2008-09 (US\$ 22.6 billion in 2007-08) according to RBI. [More](#)

According to data released by RBI, Indian corporates continued to invest overseas with the objective of reaping economies of scale, access to technology knowhow and capturing offshore markets to face the global competition. The liberalised external payments regime has been facilitating the process of acquisition of foreign companies by Indian corporates, both in the manufacturing and services sectors. As a result, net outward FDI from India continued to remain high at US\$ 17.5 billion during 2008-09 as compared with US\$ 18.8 billion in 2007-08. [More](#)

The total overseas loans raised by companies in India through external commercial borrowings and foreign currency convertible bonds increased from \$298 million in April, 2009 to \$494 million in May, 2009 according to RBI. [More](#)

Investment in Indian airport infrastructure was over \$5 billion (Rs 25,500 crore) in 2008 and will go up \$9 billion (Rs 45,900 crore) by 2013, of which close to \$6.8 billion (Rs 34,680 crore) is expected to come through public private partnerships (PPP) model, according to a recent study by research firm Frost and Sullivan. The study further states that a key driver for the airport infrastructure market is the upgradation of 35 non-metro airports identified by the Airport Authority of India. [More](#)

🌀 Assets of Indian mutual fund industry could triple to nearly 18 trillion rupees by 2015, according to a report by KPMG. [More](#)

🌀 The Indian stock markets have risen to be amongst the best performers globally across the emerging and developed markets in 2009 year-to-date, according to an analytical study by MSCI Barra indices. The study gave a measure of returns from various stock markets across the world for foreign investors. The study indicated that Indian stocks have given investors a huge return of almost 60 per cent, bettering performances in US, UK and China. In comparison, the emerging market index covering all developing nations registered a return of only 34.37 per cent. [More](#)

## Corporate News

🌀 S. Kumars Nationwide, along with its operating partner Emerisque, UK, has acquired Chicago-headquartered Hartmarx Corporation for \$119 million. Hartmarx, which has a workforce of 4,000, is one of the largest formal-wear clothing companies in the US and owns or controls 34 clothing brands. [More](#)

🌀 Tata Motors Ltd. has introduced the Jaguar and Land Rover luxury-car brands in India. Tata Motors acquired U.K.-based Jaguar and Land Rover from Ford Motor Co. last year to gain access to new technologies and widen its reach in overseas markets. [More](#)

🌀 Michelin & Cie, the world's major tyre maker, is looking to invest up to Rs 7,000 crore (\$1.48 billion) in India over a 10-year period to make and market radial tyres and tubes in the country. [More](#)

🌀 Four Seasons, the Canada-headquartered luxury hotel chain operator, has prepared a roadmap for its expansion in India, which involves the setting up of six hotels and resorts. [More](#)

🌀 Global publishing firm Pearson, which owns the Financial Times and Penguin Books, has announced an investment of \$30 million through stake acquisition in two India-based education services companies - Educomp Solutions and TutorVista. [More](#)

🌀 India's leading private power producer, Tata Power, plans to build a 525 MW power plant for Corus in the Netherlands. This power plant will use most of the excess production gases of the steel plant to produce steam and power for the steelmaker. [More](#)

🌀 Volvo Buses India is expecting 35% growth in domestic sales in 2009 at 550-600 units as against around 440 units sold in 2008. Volvo Buses India is a 70:30 joint venture between Sweden's Volvo Bus Corporation and India's Jaico Automobiles. [More](#)

🌀 DuPont has acquired Nandi Seeds and the cotton germplasm business of Nagarjuna Seeds in India, targeting India's \$275-million- cotton seed market and marking its maiden entry into the cotton seed business worldwide. [More](#)

🌀 GAIL will invest over \$1.57 billion in laying gas pipelines from Dabhol on the Maharashtra coast to Bangalore, Kochi and Mangalore. The project will have a capacity of wheeling 16 mcmd (million cubic metres per day) of gas, to be implemented in two phases. [More](#)

🌀 Carlyle Group, a leading private equity investment firm announced the closure of its fourth Asian growth capital fund at \$1.04 billion, of which 40% is likely to be invested in Indian companies. [More](#)

🌀 Lupin, a major Indian pharmaceutical company has acquired the global rights for an intra-nasal steroid product called AllerNaze from US based Collegium Pharmaceuticals. [More](#)

🌀 India's pharmaceutical company, Biocon Limited announced an exclusive collaboration with the US-based generic drugs company, Mylan Inc to develop, manufacture, supply and commercializes many high value generic biologic compounds for the global markets. [More](#)