



## **Policy Developments**

• The Reserve Bank of India (RBI) in its Third Quarter Review of Monetary Policy has said that measures taken by the RBI and the Government of India to protect the economy from the adverse impact of the global financial crisis since mid-September 2008 have resulted in augmentation of actual/potential liquidity of over Rs.3,88,000 crore (approx \$ 78.3 billion), which has significantly improved the liquidity condition. The Reserve Bank's Mid-Term Review of October 2008 had estimated real GDP growth for 2008-09 in the range of 7.5–8.0 per cent. It has stated that since then the outlook on real GDP growth has been affected further and the downside risks to growth have amplified because of slowdown of industrial activity and weakening of external demand as reflected in decline in exports. Therefore, the projection of overall real GDP growth for 2008-09 has been revised downwards to 7.0 per cent with a downward bias. RBI has decided to maintain the policy rates and the cash reserve ratio (CRR) at the current level. Two liquidity facilities, viz., the special refinance facility under Section 17(3B) of the Reserve Bank of India Act, 1934 introduced on November 1, 2008 and the special term repo facility for enabling banks to meet the funding requirements of Mutual Funds, Non Banking Finance Companies and Housing Finance Companies, which were currently available up to June 30, 2009, have been extended up to September 30, 2009. RBI has indicated that the stance of monetary policy for the rest of 2008-09 will be to ensure provision of comfortable liquidity to meet the required credit growth consistent with the overall projection of economic growth, respond swiftly and effectively with all possible measures as warranted by the evolving global and domestic situation impinging on growth and financial stability and ensure a monetary and interest rate environment consistent with price stability, well-anchored inflation expectations and orderly conditions in financial markets. [More](#)

• Securities and Exchange Board of India (SEBI) has made it mandatory for promoters to disclose details of shares pledged by them in their listed entities. It has mandated two kinds of disclosures — event-based disclosures, which must be made as and when the

shares are pledged, and periodic disclosures, which must be made when companies report their quarterly statements to the stock exchanges. [More](#)

• SEBI has decided that foreign funds planning to enter the Indian stock market will get an extra period of three months to comply with regulations if they commit to invest at least 5% of their corpus in Indian securities. [More](#)

• Insurance Regulatory Development Authority (IRDA) has decided that all Indian insurance companies may open representative or liaison office overseas provided they have the necessary approval from IRDA and in-principle clearance or approval from the host country regulator. IRDA will consider giving approval to Indian insurance companies, if they have good financial strength, maintain the prescribed solvency requirement and have a good track record on market conduct, regulatory compliances, redressal of complaints etc. [More](#)

## **Economic News**

• The Economic Advisory Council to India's Prime Minister has estimated a growth of GDP at 7.1% during 2008-09, lower than the projection of 7.7% made in their July 2008 Outlook and actual growth rate of 9.0% in 2007-08. The slowdown caused by painful adjustment to abrupt changes in the international economy — steeply rising inflationary pressures emanating from spiralling commodity prices in the first half of the fiscal year followed by financial meltdown and deeper than anticipated recession in the advanced industrial countries in the second half, was the reasons for the downward projection. The Council estimated the Investment rate at 35.0% which is lower by 2.5 percentage points as compared to 2007-08 due to financing constraints faced by Indian enterprises and downturn in investor confidence in the second half of 2008-09. However it expects the external payments situation to be comfortable with current account deficit estimated at 1.9% of GDP in 2008-09. [More](#)

• The Indian food retail industry is expected to grow by over four hundred per cent in next five years, and share of global trade in the sector has been projected to

double by 2015. The retail food industry is projected to be at \$20 billion by 2010 against the present \$7 billion. [More](#)

- The Government of India has cleared infrastructure projects worth around \$6.94 billion, including the Chennai Metro project and six-laning of nine stretches under Phase V of the National Highways Development Project (NHDP). [More](#)
- According to an Ernst & Young quarterly report, the opportunities for growth in the infrastructure sector continue to be promising. The report has stated that civil nuclear energy is likely to provide ample opportunities for global businesses as Indian companies may supply components to foreign nuclear plant manufacturers while offering opportunities for power generation. This is expected to increase the nuclear power capacity in the country to 52,000 mw by 2020 from the current 4,120 mw. [More](#)
- The total wireless subscriber base in India stood at 346.89 million at the end of December 2008. A total of 10.81 million wireless subscribers have been added during the month of December 2008 as against 10.35 million wireless subscribers added during the month of November 2008. The overall tele-density has reached 33.23% at the end of December 2008 as against 32.34% in November 2008. The total number of wireless subscribers added in 2008 stood at 113.26 million, registering a growth of 48.47%. [More](#)
- According to a Thomson Reuters study, corporate India is expected to raise roughly \$ 15.64 billion through public issues in 2009. This is in sharp contrast to 2008, where Initial Public Offers garnered only about \$4.44 billion. Even in terms of number of offerings, a growth of 20% is expected in 2009. [More](#)
- The total number of Indian banks in the list of Top 500 Global Financial Brands 2009, prepared by Brand Finance Plc; UK has more than tripled to 19 in 2008, up from 6 in 2007. [More](#)
- India's cumulative value of exports for the period April- December, 2008 was US\$ 131.99 billion (Rs.585594 crore) as against US\$ 112.74 billion (Rs. 454997) registering a growth of 17.1 per cent in dollar

terms over the same period last year. However, exports during December, 2008 were valued at US \$ 12.690 billion which was 1.1 per cent lower than the level of US \$ 12.83 billion during December, 2007. [More](#)

### **Corporate News**

- Reliance Power has won the bid for the 4,000 MW Ultra Mega Power Project (UMPP), at Tilaiya, in Jharkhand. The project entails an investment of \$ 3.6 billion and will have a debt equity ratio of 70:30. Reliance Power had won the bids for UMPPs at Sasan and Krishnapatnam. Tata Power had won the bid for the Mundra UMPP. [More](#)
- India's Riverbed Technology, which provides WAN (Wide Area Network) optimization solution for organizations worldwide, has acquired Mazu Networks, a privately owned company in Cambridge, Massachusetts, to expand and optimize its product offerings for \$25 million. [More](#)
- Larsen & Toubro has signed a memorandum of understanding with US-based Westinghouse Electric Company (WEC) to offer pressurized water nuclear reactors with modular construction technology in India. [More](#)
- General Motors has reported 9% increase in revenues in the Indian market for the year 2008 even as the worldwide sales dropped by 11% in 2008. [More](#)
- Warner Brothers plans to invest \$ 40 million in film production in India in 2009. It will be making 11 films in India in the year. [More](#)