



Policy Developments

☞ The Government of India has announced an additional stimulus package which includes cuts in service tax, excise duty and countervailing duty on imports worth almost \$6 billion. The excise duty rate on all products, on which it has been 10%, will come down to 8% while service tax has been reduced 2% across the board to 10%. Customs duty exemption on naphtha imports for power generation has been extended beyond March 31, 2009. The 4% across the board cut in excise duty, which was announced as a part of the first stimulus package on December 2, 2008, will be valid beyond March 31, 2009 as well. [More](#)

☞ The Government of India has announced major trade facilitation measures that include a Special Package of Rs. 325 crore (approx \$62 million) for exports of leather, textiles etc with effect from 1st April 2009. The import restrictions on worked corals have been removed to address the grievances of gems & jewellery exporters. The procedural formalities for claiming duty drawback refund and refund of terminal excise duty for deemed exports have been further simplified. [More](#)

☞ The Government of India has issued guidelines for downstream investment by Indian Companies owned or controlled by non resident entities. The Policy on downstream investment comprises policy for (a) only operating companies (b) operating-cum-investing companies (c) only investing companies. Foreign investment in operating companies would have to comply with the relevant sectoral conditions on entry route, conditionalities and caps with regard to the sectors in which such companies are operating. Foreign investment into operating-cum-investing companies would have to comply with the relevant sectoral conditions on entry route, conditionalities and caps with regard to the sectors in which such companies are operating. Foreign Investment in investing companies will require prior Government/FIPB approval, regardless of the amount or extent of foreign investment. [More](#)

☞ The Securities and Exchange Board of India (SEBI) has amended the SEBI (Disclosure and Investor Protection) Guidelines, 2000 requiring every issuer to file an updated offer document with the regulator, highlighting all changes made in the document, before opening of the issue. The timelines for completion of bonus issues have been reduced. The revised guidelines permit the issuer making an initial public offer to announce the floor price or price band after the date of registration of the Red Herring prospectus with the registrar of companies and at least two working days before the opening date of the issue. [More](#)

☞ SEBI has also decided to relax takeover norms for companies. Under the new rules, the Board of a target company, in exceptional circumstances, has been given the liberty of finalizing the bidder and deciding the final open offer price, all subject to SEBI's approval. Under the current rules, any open offer price is based on a formula which is market-determined. [More](#)

☞ On review of the current global and domestic macroeconomic situation, the Reserve Bank of India has decided to reduce the repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 5.5% to 5.0% with immediate effect and the reverse repo rate from 4% to 3.5% with immediate effect. [More](#)

Economic News

☞ India's cumulative value of exports for the period April 2008 to January 2009 was US\$ 144.27 billion (Rs.645572 crore) as against US\$ 127.45 billion (Rs.512945 crore) over the same period last year registering a growth of 13.2 per cent in dollar terms and 25.9 per cent in Rupee terms. However, exports during January, 2009 were valued at US\$ 12.38 billion which was 15.9 per cent lower than the level of US\$ 14.72 billion during January, 2008. [More](#)

☞ As per data released by India's Central Statistical Organization, the growth rate of India's GDP for the third quarter of 2008-09 was 5.3% compared to the corresponding quarter of the previous year. The growth rates in the first and second quarters of 2008-09 were 7.9% and 7.6% respectively. [More](#)

🌀 A total of 15.41 million wireless subscribers were added in India during January 2009 as against 10.81 million in December 2008, bringing the total wireless subscriber base to 362.30 million and tele-density of the country to 34.5%. The total broadband subscriber base reached 5.65 million at the end of January 2009. [More](#)

🌀 Remote Infrastructure Management Outsourcing (RIMO) has emerged as the growth engine for many Indian technology firms according to a report by Everest Research Institute which states that the RIMO market is expected to touch \$5.9 billion in 2009 and \$8.6 billion in 2010. Remote management of computer infrastructure has given an opportunity to Indian tech firms to compete with established global companies. [More](#)

🌀 According to Dow Jones Venture Source, venture capitalists invested over US\$13 billion in emerging economies, including India and China, in 2008, despite the global economic slowdown. India was the only region to see its deal size hold firm year-on-year, remaining unchanged at US\$ 8 million in 2008. Further, investments into India-based companies rose 3 per cent to US\$ 864 million in 2008 with 80 deals completed, up from US\$ 842 million in 85 deals last year. [More](#)

🌀 International Organization of Securities Commissions (IOSCO), a global policy forum for securities regulators, based in Spain, has invited SEBI, to join its technical committee. The IOSCO membership will enable a two-way exchange of experiences in regulating markets between Sebi and other members with a view to promoting development of domestic bourses and making a united effort to establish an effective surveillance of international securities transactions. [More](#)

🌀 A study conducted by Rural Marketing Association of India has revealed that rural incomes in India are on the rise, driven largely by continuous growth in agriculture for four consecutive years. The study also noted that the rural markets offer great opportunities to marketers trying to find a way out of the current economic crisis. [More](#)

🌀 India has become the fourth largest adopter of biotech crop in the world in 2008 by planting BT cotton on 7.6 million hectares, according to International

Service for Acquisition of Agri Biotech Applications, a not-for-profit international organization. [More](#)

🌀 The media and entertainment industry in India is likely to grow 12.5 per cent per annum over the next 5 years and touch US\$ 20.1 billion by 2013, according to a report by FICCI and KPMG. The industry grew 12.4 per cent to reach US\$ 11.73 billion in the year 2008, owing to increased media penetration among the cross section of India's huge population. [More](#)

Corporate News

🌀 India's leading mobile operator, Bharat Sanchar Nigam Ltd has launched 3G mobile services in 11 cities in India and plans to expand services to other areas in the country. BSNL has invested \$530 million on rolling out 3G infrastructure and would cover all district headquarters and important commercial towns. [More](#)

🌀 The Boards of Reliance Industries and its refinery subsidiary, Reliance Petroleum Limited, have approved the merger of the two firms, creating one of the world's largest petrochemical entity with a market capitalization of about US\$ 47 billion. [More](#)

🌀 Panasonic India plans to invest \$300 million for opening more manufacturing outlets in India over the next three years and double its outlets across the country. [More](#)

🌀 India Infrastructure Finance Company will on-lend proceeds raised through its Rs 2,700 crore (\$517 million) bond issue at 7.85% to banks. The loans will have tenure of 15 years and a reset clause every five years. IIFCL has been mandated to raise Rs 40,000 crore (approx \$7.7 billion) of tax free bonds to finance projects worth \$19.16 billion as part of the first two stimulus packages announced by the Government of India. [More](#)