



Policy Developments

☞ Reserve Bank of India (RBI) in its third quarter review of Monetary Policy has projected the GDP growth for 2009-10 at 7.5 per cent and WPI inflation for end-March 2010 at 8.5 per cent. The cash reserve ratio of scheduled banks has been increased by 75 basis points in two stages from 5.0 per cent to 5.75 per cent of their net demand and time liabilities. As a result of the CRR increase, about Rs.36,000 crore (\$7.89 billion) of excess liquidity will be absorbed from the system. The policy rates, both the repo rate and the reverse repo rate have been retained at their current levels of 4.75% and 3.25% respectively. [More](#)

☞ The Government of India has accorded in-principle approval for the establishment of the National Knowledge Network; one of the important recommendations of the National Knowledge Commission is to inter-connect all knowledge institutions through high speed data communication network to encourage sharing of knowledge, specialized resources and collaborative research. [More](#)

☞ Securities and Exchange Board of India has decided to permit eligible stock exchanges to introduce currency futures on Euro-Indian Rupee, Pound Sterling-INR and Japanese Yen-INR. The maximum maturity of the contract would be 12 months. All the contracts would be settled in cash in Indian Rupee. [More](#)

☞ The Insurance Regulatory and Development Authority has come out with final public disclosure norms, to be effective from March, 2010 in a step towards initial public offer guidelines for insurance companies, The regulator has segregated company website and newspaper disclosures. Insurance companies will be required to publish balance sheets, profit & loss accounts, revenue accounts and key analytical ratios on a quarterly, half-yearly and yearly basis from March, 2010. [More](#)

☞ India's Central Electricity Regulatory Commission (CERC) has issued the Power Market Regulations,

2010. Provisions of these regulations would govern transactions in various contracts related to electricity. Detailed capital structure and management structure for power exchanges has also been specified in the regulations keeping in view the requirements of, demutualization and creation of widely held market institutions. [More](#)

☞ CERC has also notified regulation on Renewable Energy Certificate (REC) in fulfillment of its mandate to promote renewable sources of energy and development of market in electricity. The framework of REC is expected to give push to Renewable Energy capacity addition. [More](#)

☞ The Government of India has decided to set up a working group to look at various types of foreign flows, with a view to rationalizing the present arrangements relating to foreign portfolio investments by Foreign Institutional Investors (FIIs)/ Non Resident Indians and other foreign investments like Foreign Venture Capital Investor, Private Equity entities etc. The working group will consist of members from the Government, the regulators and the private sector. [More](#)

☞ The Committee on Comprehensive Regulation for Credit Rating Agencies (CRAs), set up by the Government of India with representatives from all the financial sector regulators, has felt that prima facie there is no immediate concern about the operations and activities of CRAs in India even in the context of the recent financial crisis. However, the Committee felt that there is a need to strengthen the existing regulations by learning the appropriate lessons from the current crisis. [More](#)

Economic News

☞ The Index of six core industries having a combined weight of 26.7 per cent in the Index of Industrial Production registered a growth of 6% in December, 2009 compared to 0.7% registered in December 2008 and 5.3% in November, 2009. These industries are crude oil, petroleum refinery products, coal, electricity,

cement and finished (carbon) steel. During April-December 2009, the six core industries registered a growth of 4.8% as against 3.2% during the corresponding period of the previous year. [More](#)

🌀 The leading market for project finance in 2009 was the domestic Indian market, which raised \$30 billion (Rs 1.38 lakh crore), accounting for 21.5 per cent of the global project finance market, an increase of 58% from \$19 billion in 2008 according to the study, by Project Finance International, a source of global project finance intelligence. [More](#)

🌀 According to data released by Telecom Regulatory Authority of India, India's wireless subscriber base increased from 506.04 Million in November-09 to 525.15 million at the end of December-09, an increase of 19.10 million. The total telephone subscriber base has reached 562.21 Million with an overall tele-density of 47.89. [More](#)

🌀 India's domestic air travel registered a growth of 7.9% in 2009 as compared to a 5% decline in 2008. There was strong revival in domestic air travel since July, 2009 as the first six months consistently witnessed double digit percentage fall. [More](#)

Corporate News

🌀 Tata Steel has entered into a tie-up with South Africa's Sasol Synfuel International to set up India's first project to convert coal into liquid at an investment of Rs 45,000 crore (\$9.86 billion) in the state of Orissa. The project is targeted to be commissioned in 2018, will be developed by Tata and Sasol in 50:50 ratio and would produce 80,000 barrel of liquid fuel per day. [More](#)

🌀 The success rate of incubated companies in India is 60-70 per cent, comparable to that in USA, according to the 'First Status Report on Technology Business Incubation' in India by the Department of Science and Technology (DST). The survey is based on the responses of 28 incubators supported by the DST. [More](#)

🌀 The Uttar Pradesh government has signed MoUs with Lanco Infratech and Bajaj Hindusthan Limited for

generation of 2,400 Mw power in the state. The state government is targeting a total power generation capacity of 25,000 Mw by the end of the 12th five year plan i.e. by March 2017. [More](#)

🌀 The total investment plans of Indian companies increased from US\$ 299.12 billion in 2008 to US\$ 345.3 billion in 2009 in sectors like power, real estate and infrastructure, an increase of 16% according to a study by the Associated Chambers of Commerce and Industry of India. [More](#)

🌀 National Thermal Power Corporation (NTPC) has undertaken 17 projects across India for capacity addition of 17,930 MW of power in the roadmap to achieve 75,000 MW generation capacity by 2017. At present NTPC generates 30,644 MW power in the country. [More](#)

🌀 Telecom tower maker GTL Infrastructure Ltd plans to have a footprint of 50,000 towers across India over the next three years with a view to enhance its scale in the telecom infrastructure space. The company has agreed to buy the tower assets of Aircel Ltd for Rs 8,400 crore (\$1.84 billion) in an all cash deal, making it one of the largest tower companies in the world. [More](#)

🌀 The Export-Import Bank of the US and National Aviation Company of India Limited have signed an agreement worth \$ 1.1 billion to support financing of sale of Boeing airplanes to Air India. The financing will support the sale of Boeing B777-200LRs and B777-300ERs to be operated by Air India and B737-800s to be operated by Air India Charters. [More](#)

🌀 20 Indian banks have entered the Brand Finance Global Banking 500, an annual international ranking by UK-based Brand Finance Plc. The State Bank of India became the first Indian bank to enter into the Top 50 list with a brand value of \$4.55 billion. [More](#)