



Policy Developments

☞ Reserve Bank of India (RBI) has decided to liberalize the external commercial borrowing (ECB) policy by allowing designated authorized dealer category-I (AD) banks to approve changes in the drawdown/ repayment schedule of ECBs already availed both under the automatic and the approval route, subject to the condition that the average maturity period is maintained. However, any rollover in the repayment on expiry of the original maturity of the ECB would require prior approval of RBI. [More](#)

☞ The Securities and Exchange Board of India has modified provisions related to valuation of debt and money market instruments. SEBI has said that all money market and debt securities, including floating rate securities, with residual maturity of up to 91 days or over 91 days, would have to be valued at the weighted average price at which they are traded on the particular valuation day. [More](#)

☞ RBI has decided to withdraw, with immediate effect, the facility of short-term foreign currency borrowings provided to Systemically Important Non-Deposit Taking Non-Banking Finance Companies (NBFC-ND-SI) and the Housing Finance Companies. The decision has been taken after a review of the prevailing macroeconomic conditions and improvements in the domestic credit and liquidity conditions. RBI had, as a temporary measure, allowed NBFCs-ND-SI and Housing Finance Companies to raise short-term foreign currency borrowings not exceeding 50 per cent of the Net Owned Funds or \$10 million, whichever was higher, for refinancing their short-term liabilities. [More](#)

☞ RBI has decided to introduce a fourth category of NBFCs which will be known as "Infrastructure Finance Companies"(IFCs). An IFC is defined as non deposit taking NBFC that fulfills certain criteria such as a minimum of 75 per cent of its total assets should be deployed in infrastructure loans, net owned funds of Rs 300 crore (\$65 million) or above and a capital adequacy ratio of 15%. [More](#)

Economic News

☞ India's GDP growth for 2009-10 has been estimated at 7.2% according to advance estimates released by India's Central Statistical Organization. The manufacturing sector is expected to grow at 8.9% in 2009-10, as compared to 3.2% in 2008-09, whereas the services sector would grow at 8%. [More](#)

☞ India's Index of Industrial Production registered a growth of 16.8% for the month of December, 2009 according to data released by Central Statistical Organization. The cumulative growth for the period April-December, 2009 stands at 8.6% over the corresponding period of the previous year. [More](#)

☞ Private equity investments in India have doubled, with deals of over US\$ 386 million being announced in January, 2010, according to VCEdge, a financial research body. VCEdge has stated that the value of private equity deals in India stood at US\$ 386 million in January 2010. In January 2009, the figure stood at US\$ 191 million. The study states that the real estate, telecom and infrastructure sector together accounted for more than 45% of total private equity deal value in January, 2010. [More](#)

☞ India's software and service exports are projected to rise by 5.5% in 2009-10 and touch US \$49.7 billion, according to industry body, National Association of Software and Service Companies. The association has forecast a growth of 13-15% for 2010-11. [More](#)

☞ Investments in India's infrastructure have doubled from 4% to 8% of GDP over the past five years with all segments in the infrastructure sector receiving enormous investment, according to the Planning Commission. [More](#)

☞ The Indian banking system, on many parameters, is much ahead of that in the BRIC nations and developed countries as it has maintained resilience and continues to provide growth opportunities even in the current

economic situation, according to a study by industry body FICCI. According to the study, in terms of credit quality, India is better than China, Brazil, Russia, the UK and the USA. [More](#)

🌀 India's exports from Special Economic Zones (SEZs) in the first nine months of 2009-10 stood at \$32.53 billion compared to \$14.28 billion in the same period last year, an increase of 127%. During the period, SEZs have created additional employment of around 150,000. [More](#)

🌀 India's merchandise exports touched \$14.61 billion for the month of December, 2009, an increase of 9.3 % from \$13.37 billion in the same month a year ago. [More](#)

🌀 The revenues of India's telecom industry stood at Rs 39,756 crore (\$8.71 billion) during the quarter ended December, 2009, an increase of 4% as compared to the previous quarter, helped by a recovery in earnings from both mobile and landline services. [More](#)

🌀 The Government of India has projected that 3.3 to 3.5 per cent of electricity to come from renewable sources during 2009-10. As on December 31, 2009, cumulative generation from grid-interactive renewable power and off grid/distributed renewable power was 16,052.87 MW. [More](#)

🌀 Sales of cars, sports utility vehicles and multi utility vehicles from leading auto makers in India grew by 33 per cent to 175,526 units in January, 2010 against 131,636 units sold in the same month a year ago. [More](#)

🌀 India's Business Confidence Index released by National Council of Applied Economic Research stood at 153.8 points for January, 2010 compared to rating of 143.7 points and 118.6 points in October, 2009 and July, 2009 respectively and it is the highest rating since January, 2008. [More](#)

🌀 A sample of 29 firms listed on the Bombay Stock Exchange have reported 20% growth in net profit for the quarter ended December, 2009, led by strong

earnings growth of auto companies such as Tata Motors, Hero Honda and Maruti Suzuki. [More](#)

Corporate News

🌀 Ford India has commenced commercial production of its compact car Figo, and petrol and diesel engines at their new factory in Chennai. The plant has the capacity to manufacture 250,000 diesel and gasoline engines a year. [More](#)

🌀 India and China led volume growth for Coca-Cola Company for the quarter ended December 31, 2009. Volume sales went up by 20% and 29% respectively in India and China, thereby helping the company post 55% growth in net profit. [More](#)

🌀 KPMG has projected that the Indian IT and IT enabled services sector will become a \$285 billion industry by 2020 from \$71.6 billion in 2009. The industry is expected to grow at a compounded annual growth of 15% in the next 10 years. [More](#)

🌀 Tata Steel has formed a 51:49 joint venture with Japan's Nippon Steel for production and sales of automotive cold rolled flat products at Jamshedpur. [More](#)

🌀 Adani Power Limited is setting up a coal based thermal power project of 1320 MW in Madhya Pradesh. The group is also in the process of setting up power projects in Gujarat, Maharashtra and Rajasthan. [More](#)

🌀 Siemens plans to invest Rs 1600 crore (\$350 million) in India in the next three years to build a production unit for wind turbines, besides other engineering products. Siemens' total workforce in the country is around 17,000 and it plans to hire 8000 more by 2012, as part of its expansion plan. [More](#)

🌀 DuPont has embarked upon an expansion programme at DuPont Knowledge Centre at Hyderabad, which is aimed at foraying into materials research that will enable the company launch new products across different segments. [More](#)