



## POLICY UPDATE

- Government of India has notified The Petroleum and Natural Gas Regulatory Act, 2006. Accordingly, a Petroleum and Natural Gas Regulatory Board will be set up to oversee and regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas. **More...**
- Annual Supplement to the Foreign Trade Policy of India (2004-09) announced. Highlights include (i) introduction of two new schemes – focussed product scheme and focussed market scheme – to promote exports of specific products in specific markets. (ii) imports of precious metals and stones would be made easier to promote gems and jewellery exports. (iii) import of new vehicles for R & D by auto component manufacturers would be allowed without the need for homologation (i.e. testing for fitness on Indian roads); (iv) Clear guidelines would be laid down on imports of genetically modified crop varieties. (v) Supplies, such as food and beverages, to international flights would be treated as exports. (vi) The incidence of unrebated and fringe benefit tax on exports would be factored in the various duty neutralisation and remission schemes; and (vii) Advance Licensing Scheme (which allows imports of inputs before exports) and Duty Free Replenishment Certificate (which allows transfer of import entitlements) would be clubbed to launch a new scheme called “Duty Free Import Authorisation Scheme” effective May 1, 2006. **More...**
- Central Board of Excise and Customs have invited comments by June 10, 2006 on their proposal to remove a number of exemption notifications relating to customs and excise duties in India. The detailed list of items on which customs duty and excise duty are proposed to be exempted is available at <http://www.pib.nic.in/release/release.asp?relid=17094&kw=>
- Indian Government has approved signing of a Memorandum of Agreement with the Federal Aviation Authority (FAA) of US for cooperation in developing and modernizing civil aviation infrastructure in managerial, operational and technical areas. **More...**

## NEWS HIGHLIGHTS

- The Reserve Bank of India released the document on *Macroeconomic and Monetary Developments in 2005-06* on April 17, 2006. The document highlights the strong performance and comfortable positions of the Indian economy during 2005-06 in terms of economic growth, fiscal situation, inflation, money market performance, and external economic indicators including Foreign Trade, Balance of Payments, Foreign Exchange Reserves, and External Debt. **More...**
- India's exports crossed the \$100 billion mark to reach \$101 billion in 2005-06, registering a growth of 24.7 per cent. India's imports increased to \$140 billion in 2005-06, up 31.5 per cent. Exports from many sectors have surpassed expectations. Project goods exports grew at the rate of 173 per cent. Exports of non-ferrous metals, guar gum meal, computer software in physical form, rice, pulses, dairy products, all recorded a growth surpassing 50 per cent. **More...**
- Minister for Civil Aviation of India Mr. Praful Patel announced that the two state owned Airlines of India, namely Air India – the international carrier, and Indian Airlines – the domestic carrier, would be merged.

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## Corporate News

- Kohlberg Kravis Roberts & Co (KKR) would buy Flextronics' software development and solutions business for approx. \$900 million. Flextronics operations are predominantly located in India. This would be biggest merger and acquisition deal in the technology space in India and KKR's first investment into India. [More...](#)
- Chevron has acquired a 5% stake in India's Reliance Petroleum for \$300 million. The agreement between the two companies signed on April 12, gives Chevron the right to acquire an additional 24% equity in future. If Chevron acquires this additional 24% equity, its investment in RPL will go up close to \$2 billion. [More...](#)
- DaimlerChrysler launched its new car models in C, E, S and M class models in India. [More...](#)
- Honeywell Corporation has opened its technology solutions laboratory in Tamil Nadu and has decided to set up a R&D facility in Hyderabad. [More...](#)
- Bechtel Corporation has signed a payment-for-services contract with Bharat Heavy Electricals Ltd to restart a power project in India. [More...](#)
- Aviva Life Insurance of US is planning to launch 63 branches in India. [More...](#)
- Switzerland-based cement manufacturer Holcim is planning to acquire an additional 20% stake in Gujarat Ambuja Cements Ltd. [More...](#)
- Tata Steel has been ranked the best steel making company in the world by World Steel Dynamics Inc (WSD) of US. [More...](#)
- Indian Drug firms have plans of close to \$2.5 billion on overseas buys, mostly in Europe. [More...](#)

## Visits and Events

- Second meeting of the India-US Working Group on Coal was held on 4-5 April in New Delhi. The meeting approved constituting a Private Sector Forum and also approved a detailed work plan for the Working Group.
- Indian Minister for Non-conventional Energy Vilas Muttemwar visited National Renewable Energy laboratory at Denver, Colorado on April 3-4, 2006.
- Indian Minister for Science and Technology Kapil Sibal visited US on April 4-11. He launched India-US Biotech Working Group in New York. And attended BIO-2006 at Chicago. He also visited Washington DC. [More...](#)
- A group of US Senators led by Senator Mike Enzi(R-Wyo), Chairman of the Senate Health, Education, Labor and Pensions (HELP) Committee, and US Education Secretary Ms. Margaret Spellings, visited Bangalore and New Delhi on April 12-13, 2006 to learn about Indian educational system and the implications to US competitiveness.
- Speaker of the US House of Representatives Dennis Hastert (R-IL), accompanied by a group of US Congressmen including Michael Oxley(R-OH), Sherwood Boehlert (R-NY), Frank Lucas (R-OK), Ray LaHood (R-IL), Paul Ryan (R-WI), Randy Neugebauer (R-TX), and Dan Boren (D-OK) visited New Delhi and Jaipur on April 9-12, 2006, to study the transforming bilateral relations between US and India. The delegation met with Prime Minister Manmohan Singh, Congress President Sonia Gandhi, Lok Sabha Speaker Somnath Chatterjee, Minister of Petroleum and Natural Gas Murli Deora, and Rajasthan Chief Minister Vasundhara Raje.



*The US Speaker of House of Representative, the Honorable Dennis Hastert calls on the Prime Minister, Dr. Manmohan Singh, in New Delhi on April 11, 2006. **Photo Credit: PIB***