



POLICY UPDATE

- The Government of India would launch the latest round of auctions for nearly 57 oil and gas exploration blocks. Of the 57 blocks to be offered under the seventh round of auctions under New Exploration Licensing Policy (NELP), 9 are in shallow water, 19 in deep sea and 29 on land. India has awarded 162 exploration blocks in the previous six rounds under NELP. An investment of about \$3.5 billion is expected in exploration which would increase manifold if hydrocarbon discoveries are made. A new type of block called Type S covering small area up to 200 kilometers has been introduced to attract small investors for exploration by providing special dispensation in the form of waiver of Technical Capability Criterion. The bid closing date for the seventh round of NELP is 11th April 2008. [More . . .](#)
- Government of India would implement the seventh phase of National Highways Development Project (NHDP) which includes the construction of ring roads, bypasses, grade separators, flyovers, elevated roads and tunnels at a cost of \$4.17 billion. The seventh phase of NHDP calls for improvements to city road networks by adding ring roads to enable easier connectivity with national highways to important cities. It would also involve improvements to stretches of national highways that require additional flyovers and bypasses given population and housing growth along the highways and increasing traffic. [More . . .](#)

NEWS HIGHLIGHTS

- Reserve Bank of India has directed banks to set separate limits for lending to residential and commercial real estate within their overall exposure to the real estate sector. Banks have to explicitly state in their lending policy the minimum internal rating required by builders and developers. [More . . .](#)
- The Indian Railways has started 10 new cargo trains operated by private companies. This has led to the Indian Railways regaining freight traffic lost to road transport by 5%. It has also gained 7% market share in the cement and steel segment since 2006 and a threefold increase in its turnover from the parcels business over the last three years. The new private cargo trains have carried nearly 2 million tons of freight traffic during the first 11 months of 2007. [More . . .](#)
- Government of India appointed UTI Mutual Fund and SBI Mutual Fund as managers for Post Office Life Insurance Fund (POLIF) and Rural Post Office Life Insurance Fund (RPOLIF) with corpus of about \$2.65 billion. The scheme has been formulated on the lines of National Investment Fund which is a disinvestment corpus. [More . . .](#)
- The Asian Development Bank allocated \$9.2 billion for funding infrastructure and development projects with energy, transport, urban development, finance and agriculture as focus areas in the next three years. [More . . .](#)
- India's Spices Board has plans to set up spices parks to achieve target of spices exports worth \$10 billion by 2017. India grows 53 of the 75 known spices in the world and could become the

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international hub for spice processing in 10 years according to Union Minister of state for Commerce, Mr. Jayaram Ramesh. [More...](#)

- India's insurance regulator Insurance Regulatory Development Authority (IRDA) has directed insurance companies to ensure that the premium on medical insurance in any year does not exceed more than 75% of what they paid in the previous year. The insurance companies cannot deny renewal of policies if a policyholder wants to continue with the mediclaim. [More...](#)
- India's corporate sector recorded M&A deals worth \$50.79 billion for the first 11 months of 2007 according to data compiled by consulting firm Grant Thornton. The total number of Private Equity deals for the same period stood at 374 with an announced value of \$15.92 billion. [More...](#)
- Venture capital firms invested more than \$777 million in 57 deals for entrepreneurial companies in India during the first three quarters of 2007 according to Quarterly India Venture Capital Report published for the first time by Dow Jones Venture One and Ernst & Young. [More...](#)
- India's internet user base grew by 40% to touch 46 million in September 2007 according to Internet in India Report 2007. The growth is driven by the fact that the number of people who know how to use a computer unaided has grown to 65 million up from 16 million in 2000. [More...](#)
- India and China continue to be ranked first and second respectively in the list of 25 most attractive FDI destinations according to a study conducted by management consulting firm, AT Kearney. [More...](#)
- India is the leader in offshore services according to research from Gartner Inc and accounts for 65-70% of global off shoring business. It tops the list of 30 countries on criteria such as language, government support, labor pool, infrastructure, educational system, cost, political and economic environment, cultural compatibility, global and legal maturity, data and intellectual property, security and privacy. [More...](#)

Corporate News

- Daimler Trucks announced a Joint Venture (JV) with the Hero Group to manufacture light, medium and heavy duty commercial vehicles. It is the fourth Commercial Vehicle (CV) joint venture to be announced in 2007 between a major global truck manufacturer and Indian automobile company. The recent alliances include Nissan and Ashok Leyland, Volvo and Eicher, and Mahindra and Mahindra with US based International Engine and Truck Corporation. India's CV sales grew by 4% during April-November 2007 and most of that growth came from light commercial vehicles which grew by 15%. [More...](#)
- US-based Jones Lang La Salle, the world's leading integrated global real estate services and money management firm has plans to invest around \$1 billion in India's growing property market. [More...](#)
- Air India plans to offload 15% of its equity through an initial public offer in the second half of 2008 according to India's Civil Aviation Minister, Mr. Praful Patel. [More...](#)
- Mundra Port and Special Economic Zone (SEZ) raised around \$449.24 million from its Initial Public Offer (IPO) to finance construction and development of its proposed SEZ at Mundra and a coal and other cargo terminal at Mundra Port. Mundra is the first private sector port and SEZ to access the capital market. [More...](#)
- Tata Power Company (TPC), Monnet Ispat and Energy and Jindal Photo Film are forming a joint venture company to develop a 290 million tonne (MT) coal mine in Orissa. The companies which are building power plants of 1000 MW each in Orissa will hold equal stakes in the JV mining company and consume coal in equal proportion. [More...](#)
- FLAG Telecom, the wholly owned subsidiary of Reliance Communications has awarded a contract of \$350 million to France based vendor Alcatel to build fully IP-enabled trans-Pacific undersea cable. [More...](#)
- Reliance Industries and Gas Authority of India Ltd (GAIL) will set up a Special Purpose Vehicle to explore opportunities for setting up petrochemical complexes in feedstock rich countries such as Russia, Qatar, Saudi Arabia, UAE, Algeria, Nigeria and former Soviet Republics. [More...](#)