CORPORATE

Industrial production up 10.9%

India's industrial production grew more than expected in January, stoked by surging consumer demand. Production at factories, utilities and mines increased 10.9 per cent from a year earlier, following December's revised 12.5 per cent gain, the Central Statistical Organisation said in New Delhi today. Analysts expected a rise of 10.1 per cent. "The production data suggests consumer demand continues to be strong,"' said N R Bhanumurthy, an economist at the Institute of Economic Growth in New Delhi. Rising consumer demand fuelled by unprecedented bank lending and higher salaries has pushed inflation to nearly a two-year high. Maruti Udyog Ltd, India's biggest carmaker, last month posted its fastest sales growth in three years.

Reserve Bank of India Governor YV Reddy has raised the overnight lending rate five times since January 2006 to a four-year high of 7.5 per cent, to slow inflation, currently at 6.1 per cent. The Central Bank, which has a 5 per cent target for inflation, next meets in Mumbai on April 24. India's $854 billion economy will probably expand a record 9.2 per cent in the year to March 31, following 9 per cent growth in the previous year, the government said on February 7. That's the fastest pace after China among the world's major economies.

China rivalry: China's industrial production gained 14.7 per cent in December after 14.9 per cent growth in the previous month. Still, Credit Suisse in December forecast India's economy would grow 10 per cent this year from 9.5 per cent in 2006, overtaking China. It expects China to grow 9.9 per cent in 2007. India's manufacturing output increased 11.6 per cent in January from a year earlier, according to today's report. Mining grew 6 per cent and electricity gained 8.5 per cent. Besides record loans growth, India's industrial production, which makes up a quarter of the economy, is being spurred by rising incomes and savings. Foreign Investment: Overseas companies are investing more in India to take advantage of growing demand.

In information technology and communications business, for example, Vodafone Group Plc, the world's largest wireless carrier, and other foreign companies have committed investments worth $19.92 billion in India, the world's fastest growing major wireless market, according to the government. Demand is also being aided by rising salaries. Workers in India this year can expect a 7 per cent increase in annual real salary, after adjusting for inflation, the biggest rise among the 45 countries including the US and Japan surveyed by human resources consultant ECA International.

Record year for IPOs

The current financial year (2006-07) saw a record amount mobilised by Initial Public Offerings (IPOs) as 73 companies mopped up Rs 23,716 crore, surpassing the previous peak of Rs 14,662 crore by 23 companies in 2004-05. The amount raised through IPOs in 2006-07 was more than double compared with 2005-06, when 73 companies collected Rs 10,798 crore via public issues. Refinery, construction, engineering and media & entertainment are among the major sectors that led the way into the primary market. The Rs 7,961 crore raised by Cairn India (Rs 5,261 crore) and Reliance Petroleum (Rs 2,700 crore) has accounted for one third of the total amount raised during 2006-07. Idea Cellular (Rs 2,125 crore), Lanco Infratech (Rs 1,067 crore), Power Finance Corporations and Parsvnath Developers (Rs 997 crore each), GMR Infrastructures (Rs 801 crore), Indian Bank (Rs 782 crore), Sun TV (Rs 603 crore) and Sobha Developers (Rs 569 crore) raised more than Rs 500 crore each through IPOs.

Construction firms topped the list with five companies collectively raising Rs 3,053 crore followed by telecom (Rs 2,125 crore), information technology (Rs 1,864 crore), bank and finance companies (Rs 1,965 crore), entertainment (Rs 1,284 crore), engineering (Rs 1,251 crore) and textiles (Rs 834 core).

These civil and turnkey construction companies include GMR Infrastructure (Rs 789 crore), Unity Infraprojects (Rs 232 crore), BL Kashyap (Rs 200 crore) and Gayatri Projects (Rs 86 crore).

Exports up 23 pc

India's trade deficit grew by 48.6 per cent year-on-year in February, 2006 to $55.85 billion even as exports grew 23.83 per cent to $9.70 billion. In the first 11 months of 2006-07, imports grew 30.59 per cent to $164.98 billion and exports 23.83 per cent to $ 109.1 billion, widening the trade deficit by 48.6 per cent to $55.85 billion, according to figures released by Department of Commerce.

The increase in trade deficit continued in February despite softening crude oil prices. The trade deficit during the same period last year was $37.57 billion. Crude oil imports registered a negative growth of 1.18 per cent and stood at $4.06 billion in February 2007, as compared to $4.10 billion in the month of February 2006.

India's non-oil imports largely constitute capital equipment and intermediate goods, which in turn generate economic activity at home. The non-oil imports for April-February 2006-07 grew 25.67 per cent to $112.31 billion as compared to $89.37 billion in the corresponding period of 2005-06.

India becomes trillion dollar economy

India just became a trillion-dollar economy. And with that it moved into the elite club of 10 economic powerhouses that enjoy this distinction. India's gross domestic product (GDP) at market prices is officially estimated to be just over Rs 41,00,000 crore for 2006-07 and that, on current exchange rates, translates into a little more than $1 trillion.

Considering that, as recently as in 2000-01, India's GDP was under $500 billion, this means it has more than doubled in the last six years. Successive years of 8-9% growth have obviously helped, but ironically so has the fact that inflation has been relatively high, which means the growth in nominal GDP is much more than in real terms.

India is already the 10th largest economy in the world in nominal dollar terms and this development means that all of the 10 biggies will be over a trillion dollars in size, the US leading the list with over $12 trillion as its GDP.

Foreign Direct Investment ("FDI")

India, China top Asian FDI list in Africa

India and China are emerging as significant sources of Foreign Direct Investment (FDI) in Africa even as the overall percentage of FDI from Asian countries targeted towards the continent remains low, the United Nations has said. However, the world body was optimistic that Africa would see increasing amount of FDI from Asia in coming years, provided the African countries pursue proactive policies to attract investments in infrastructure and industries. A UNCTAD-UNDP study estimates that outward FDI from developing Asian economies reached a record USD 90 billion last year, but Africa could claim only a small percentage.

FDI is a significant source of external finance and a means of integrating into the global marketplace, the study said, adding so far Africa has been left out of this process. This may be attributed to small market size, poor infrastructure, weak regulatory framework, debt problems, and in some cases, political instability, it said. But over the past decade, however, there has been considerable progress with reforms in several African economies, it noted. Africa, it said, has the potential to become an important investment location for Asian companies, in part because of the complementary nature of economic development between Asian and African countries.

Traditionally, FDI flows from developing Asia to Africa were mainly from the Asian newly industrialising economies—Hong Kong, South Korea, Singapore and Taiwan. The study said investment in Africa has become a strategic priority in the international economic cooperation efforts of some Asian countries, including Malaysia and China. It pointed out that the recent rapid growth of Chinese FDI in Africa is partly the result of joint efforts by the Chinese and African governments, including initiatives adopted in Beijing at the Forum on China-Africa Cooperation held on November 5 and 6.

The rapid economic growth in Asia, it said, can be expected to lead to increased Asian investments in Africa in both natural resources and manufacturing. In particular, the rapid industrial upgrading taking place in Asia provides ample opportunities for Africa to attract efficiency-seeking and export-oriented FDI from Asian economies.

But appropriate policies at both national and international levels are crucial for turning this potential into reality, it said. To attract Asian investments, the study suggested African nations to adopt proactive policies to spur FDI that leads to broad-based growth, enhance productive capacities between two regions and increase 'backward' linkages between foreign affiliates and domestic firms, especially small and medium-sized enterprises.

FDI inflow pegged at $15 billion

Global interest in India has prompted the government to scale up its projections on foreign direct investment (FDI) inflows for the current fiscal by 25% to $15 billion.

If the government's revised projections, announced by commerce and industry minister Kamal Nath on Monday, are met, it would mean that FDI inflows would have nearly doubled from last year's $7.72 billion. The ministry was earlier estimating FDI inflows of $12 billion during 2006-07.

While India received inflows of $38.90 billion between August 1991, when the economy was liberalised, and March 2006, estimated FDI flows during 2006-07 — the highest ever — would be 38.5% of the investment received in the previous 14 years.

In terms of direct investment, the current financial year has been a landmark of sorts with FDI inflows for the first time overtaking FII flows, which economists said pointed to higher confidence in India as companies were willing to invest long-term. But even at $15 billion, inflows into India are less than one-fourth of what China ($63 billion) attracted in 2006.

While Indian officials view China's FDI statistics with a degree of suspicion, they are excited about the inflows into India since a bulk of it was coming into manufacturing where government is trying to step up investment to create jobs.

Investment in industrial sector is good for a country like India where majority of the population is dependent on agriculture. FDI is adding to the booming investment proposals from Indian players. A large number of the proposals are from first-time investors so there will be more inflows in future. Between April and December, FDI inflows were $9.27 billion, 151% higher than same period last year.

'EU may get $25 bn FDI from India in 2007'

The Foreign Direct Investment (FDI) outflow from India to the European Union (EU) can cross the $25 bn (Rs 1,12,500 crore) mark this year, according to a joint finding by two European investment bodies from France and Germany.

The trade bodies - 'Invest in France' and 'Invest in Germany' expect the FDI inflow in EU from India to rise over 56 per cent from an estimated USD 16 billion in 2006.

The 25 billion dollar figure includes over 12 billion dollar worth of Tata-Corus deal, he said. In France alone, 50 Indian companies are present and the number is expected to cross 70 by the end of the year

INCOME TAX

Individuals, Hindu Undivided Family, Association of Persons and Body of Individuals

Income	Tax Rates
Upto Rs. 1,10,000/- (1)(2)	Nil.
Rs. 1,10,001/- to Rs. 1,50,000/-	10 %
Rs. 1,50,001/- to Rs. 2,50,000/-	20 %
Above Rs. 2,50,000/-	30 %

PLUS:-

- Surcharge @10% where the income exceeds Rs. 10 Lacs
- Education cess @ 2% on income-tax and surcharge.
- An additional cess of 1% on income-tax & surcharge to fund Secondary and higher education.

1) In the case of a resident woman below the age of sixty five years, the basic exemption limit is Rs. 145,000.

2) In the case of a resident individual of the age of sixty five years or above, the basic exemption limit is Rs. 195,000.

Partnership Firms

- Basic rate : 30%

PLUS:-

- Surcharge @10% if the income exceeds Rs. 1 Crore.
- Education cess @ 2% on income- tax & surcharge.
- An additional cess of 1% on income-tax and surcharge to fund Secondary and higher education.

Domestic company

- Basic rate : 30%

PLUS:-

- Surcharge @10% if the income exceeds Rs. 1 Crore.
- Education cess @ 2% on income tax & surcharge.
- An additional cess of 1% on income tax and surcharge to fund Secondary and higher education.

Foreign company

- Basic rate :40%

PLUS:-

- Surcharge @ 2.5% if the income exceeds Rs. 1 Crore.
- Education cess @ 2%on income tax and surcharge

An additional cess of 1% on income tax and surcharge to fund Secondary and higher education

CASES AND JUDGEMENTS

Gomzi Active

Vs.

Reebok India Co. and Anr.

Appellant filed the suit seeking permanent injunction against the respondents by restraining them from using their product logo/trade mark "I am what I am" and for payment of damages and for rendition of accounts. The controversy involved was pertaining to the use of the trade slogan "I am what I am". Respondents had filed the appeal challenging the grant of temporary injunction restraining them from using the logo "I am what I am" along with their trademark. Case of the plaintiff was that the trade slogan "I am what I am" is its distinctive style and design at least since 1998, used on garments which were stolen/pirated by the defendant thus infringing their proprietary right including their intellectual property. The plaintiff further asserted that it first used the logo "I am what I am" and therefore, it alone can claim rights over the said slogan as a trademark. Defendant resisted the claim. The trial court, upon consideration of the pleadings and the documents produced, held that the trademark of the plaintiff under which it carried on business was "Gomzi" and not "I am what I am". It further held that the plaintiff did not file any application to get the slogan registered as a trademark until May 2005. The Court prima facie found that "I am what I am" cannot be construed as a logo or trademark of the plaintiff. The respondents challenged this conclusion. The High Court as noted above allowed the appeal and set aside the order under challenge before it.

Learned Counsel for the appellant submitted that in view of what has been stated in respect of trademark, the High Court was not justified in its view. Learned Counsel for the respondent on the other hand supported the impugned order of the High Court.

In Halsbury's laws of England it has been reported as follows:

It is possible that, on the same facts, a suit for passing off may fail but a suit for infringement may succeed because the additions, the get up and trade dress may enable a defendant to escape in a passing off action.

A somewhat similar but interesting situation arose in a dispute between two companies. In N.S. Thread & Co. v. James Chadwick & Bros. AIR 1948 Mad. 481, the passing off action failed. But thereafter James Chadwick Co. succeeded in an appeal arising out of the registration proceedings and the said judgment was confirmed by this Court in N.S. Thread & Co. v. James Chadwick & Bros. It was held that the judgment in the passing off case could not be relied upon by the opposite side in latter registration proceedings.

In Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories the distinction between passing off action and infringement action was highlighted.

The facts of the case when tested on the principles set out above make the position clear that grant of any interim protection in this case would not be proper.

Learned Counsel for the appellant submitted that it has taken a positive stand that the logo was intellectual property and therefore without any further material, grant of injunction was warranted. Learned Counsel for the respondent resisted this plea.

It is stated that issues have already been framed and the High Court had directed disposal of the suit within a period of six months from the date of order. That being so, the proper course would be to direct the concerned Court to dispose of the matter as early as practicable. Leaving open all questions for adjudication, we direct the matter shall be heard expeditiously by the trial court and disposed of preferably by the end of April 2007. The appeal is disposed of accordingly but without any order as to costs.

Saroj Kumar Poddar

Vs.

State (NCT of Delhi) and Anr.

Appellant herein was a Director of a public limited company, incorporated and registered under the Indian Companies Act, known as VHEL Industries Limited ("the Company"). The Company issued three cheques for a total sum of Rs. 8,03,952.60 in favour of Respondent No. 2 herein. The complainant - Respondent No. 2 is a manufacturer and supplied its product to the Company. Allegedly, a sum of Rs. 13,36,923/- was due and payable to the complainant by the Company. The Company issued three cheques, as noticed hereinbefore, in favour of the complainant. The said cheques were deposited in a bank but were dishonoured.

A complaint petition came to be filed by the complainant in the Court of Chief Metropolitan Magistrate, Delhi against the appellant as also the said Company. The Managing Director of the said Company as also the other Directors were also arrayed as accused therein. Cognizance was taken against the appellant and other accused persons. Inter alia on the premise that the appellant had resigned from the Directorship of the Company before the date of issuance of the cheques and much before the deposit thereof by the drawee with its bank, and thus, he was not liable for the action of the Company, applications for quashing of the orders taking cognizance of the offence in the said complaint petitions were filed by the appellant before the High Court of Delhi.

Section 141 of the Act postulates constructive liability on the part of the Directors of the Company or other persons responsible for its conduct of the business of the company.

The appellant did not issue any cheque. He, as noticed hereinbefore, had resigned from the Directorship of the Company. It may be true that as to exactly on what date the said resignation was accepted by the Company is not known, but, even otherwise, there is no averment in the complaint petitions as to how and in what manner the appellant was responsible for the conduct of the business of the Company or otherwise responsible to it in regard to its functioning. He had not issued any cheque. How he is responsible for dishonour of the cheque has not been stated. The allegations made in paragraph 3, thus, in our opinion do not satisfy the requirements of Section 141 of the Act.

This aspect of the matter has also been considered recently by this Court in Sabitha Ramamurthy and Anr. v. R.B.S. Channabasavaradhya stating:

Section 141 raises a legal fiction. By reason of the said provision, a person although is not personally liable for commission of such an offence would be vicariously liable. Therefore such vicarious liability can be inferred so far as a company registered or incorporated under the Companies Act, 1956 is concerned only if the requisite statements, which are required to be averred in the complaint petition, are made so as to make the accused therein vicariously liable for the offence committed by the company. Before a person can be made vicariously liable, strict compliance of the statutory requirements would be insisted.

For the reasons aforementioned, we have no other option but to hold that the allegations made in the complaint petitions even if are taken to be correct in their entirety do not disclose any offence as against the appellant herein. The proceedings against him, thus, should have been quashed by the High Court. The impugned judgment, therefore, cannot be sustained which is set aside accordingly. The appeal is allowed.

USE OF NON-COMPETE AND NON-SOLICIT AGREEMENTS

Non-compete and non-solicit agreements are a popular way to try to prohibit employees and former employees from working for a competitor or divulging trade secrets or other proprietary data. In several jurisdictions, such as England and Wales, the law has evolved to uphold such agreements, subject to how reasonable the limits imposed are.

In India, such agreements are affected by Section 27 of the Indian Contract Act 1872, whereby any agreement that restrains a party from exercising a lawful profession, trade or business is void. The section sets out an exception applicable to cases where a party sells the goodwill of a business. In such cases, the seller of the goodwill of the business may agree with the buyer to refrain from carrying on a similar business within a specific geographical area provided that the buyer or any person deriving title to the goodwill from the buyer is carrying on similar business in that area. However, such limits must appear reasonable to the court given the nature of the business. Where the goodwill of a business is sold without an express non-compete agreement, the vendor may set up a rival business but is not entitled to canvass customers of the old firm. The grounds for this may be either that (i) the vendor may not derogate from its own grant, or (ii) the vendor had impliedly contracted not to solicit its former customers or it would be fraudulent to do so.

Decision

In *Percept D'Mark (p) Ltd v Zaheer Khan* the Supreme Court clarified this area of law as follows:

- A restrictive covenant extending beyond the term of the contract is void and unenforceable;
- The doctrine of restraint of trade does not apply during the continuance of the contract for employment and applies only when the contract ends; and
- This doctrine is not confined only to contracts of employment, but is also applicable to all other contracts.

Based on the court's decision in this case, the provisions of Section 27 may be split to deal with two phases: the period for which a contract is in force and the period after it has expired.

When the contract is in force, judicial precedent has established that restraints, both general and partial, are permissible unless they are contrary to public policy. For example, during the period of employment an employer has the exclusive right to the services of the employee. Therefore, a negative covenant (eg, that the employee may not engage in a trade or business or take up employment with another employer to perform similar or substantially similar duties) is not a restraint of trade.

The court's decision also confirms that all covenants existing beyond the contract are void. However, an exception to this rule is where a covenant exists for non-solicitation. It has been held by both the Supreme Court and the Delhi High Court that non-solicit covenants are covenants that essentially prohibit either party from enticing each other's employees away from their respective employers. This restriction is imposed on the contracting parties and not on the employees. The restriction relates to inducements offered to the other party's employees to change employer. By itself, the clause imposes no restriction on the employees and is viewed more liberally than a similar restriction in an employer-employee contract. Therefore, a non-solicit clause does not amount to a restraint of trade, business or profession and will not be declared void under Section 27 of the act.

Comment

Where a contract imposes a non-compete covenant during the term of the contract, that covenant will be enforced unless a court deems it to be contrary to public policy. However, if a contract imposes a non-compete covenant that extends beyond the term of the contract, the covenant is enforceable only if it relates to non-solicitation.

The tussle between freedom of action and the right to contract freely needs to be revisited in light of the rapid development of a free market economy in India. In this regard, the cue may be taken from developments in England and Wales, where parties are free to agree not to compete after the contract term expires provided that the limits imposed are reasonable. The Indian courts have touched upon this issue time and again and have highlighted their inability to push forward reform in light of the explicit legislative provisions, which leaves little room for judicial activism. Therefore, it is up to the legislature to deal with this issue by amending the act to recognize that employers have a legitimate interest in protecting financial and time investments in employees. The law needs to protect an employer's reasonable business interests without unduly limiting an employee's other work opportunities

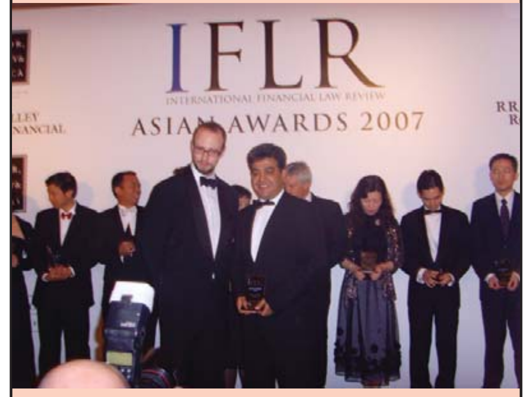
This Article has been published in the news letter of International Law Office, Financial Express and has been contributed by Madhukar Tomar

POLITIKING

- Uttar Pradesh, the most populous state of India is heading for polls in April for its legislative assembly.
- Amongst some of the recent high profile visitors to India were the Russian President Vladimir Putin and His Majesty Sheikh Mohammed Bin Rashid Al Maktoum, the ruler of Dubai
- The Election Results of recently concluded polls-

State	Party	Chief Minister
Punjab	BJP-SAD	Prakash Singh Badal
Uttaranchal	BJP	Bhagat Singh Koshiyari
Manipur	Congress	Okram Ibobi Singh

INHOUSE NEWS



FML was named India 's best law firm for the year 2006 by International Financial Law Review (IFLR) in the annual awards ceremony held in Singapore.

The Hon'ble Law minister released the FML publication "Investing in India" at a function in New Delhi.

FML has expanded its territorial base by opening another office at Pune in Maharashtra.

TRAVEL SECTION

Perching on the high hills of North Eastern corner, Mizoram is a storehouse of natural beauty with its endless variety of landscape, hilly terrains, meandering streams deep gorges, rich wealth of flora and fauna. Flanked by Bangladesh on the west and Myanmar on the east and south, Mizoram occupies an importance strategic position having a long international boundary of 722 Kms.

World-renowed for their hospitality, Mizos are a close-knit society with no class distinction and no discrimination on grounds of sex. The entire society is knitted together by a peculiar code of ethics 'Tlawmngaihna' an untranslatable term meaning on the part of everyone to be hospitable kind, unselfish and helpful to others.

PLACE OF INTEREST :

Blue Mountain: The Highest peak in Mizoram, The Blue Mountain (Phawngpui) is situated in Chhimtuipui district overlooking the bend of the river Koldyne (Chhimtuipui) close on the state's border with Myanmar. The peak 2,157 metre in height and encircled by bamboo groves at the top where there is a level ground of about 200 hectares, offers a grand view of the height hills and the meandering undulated valleys. The woods around are home to various species of beautiful and rare flora and fauna.

Pukzing Cave: The largest cave in Mizoram, it is situated at Pukzing village near Marpara in the district of Aizawl district (Mamit).

Sibuta Lung: Erected about three hundreds years ago by a tribal chief, this memorial stone is named after him. The memorial offer a story of jilted love and lust for revenge.

Mangkhai Lung: A large memorial stone, it was erected about three hundred years ago at Champhai to the memory of a well-known Ralte chief, Mangkhaia.

Budha's Image: An engraved image of Lord Buddha, with those of dancing girls on either side, was found at a site near Mualcheng Village about 50 km from Lunglei town.

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Special Message: We shall appreciate any comments or suggestions that you may have.

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FOX MANDAL

NEWS TIME

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Editorial

The Indian success story on banking reforms, especially that of micro finance has gone unnoticed. Banking reforms were part of the financial reforms started in 1991. There were two difficult political issues i.e. public sector banks and social sector banking meant to empower the poor. The need for change in both these areas was compelling especially in view of the technological change altering the speed and nature of banking. Change had to be geared to international standards. Banking had to go beyond the normal due diligence world of merely legal and regulatory issues. It had to expand quantitatively. It had to design and deliver qualitative services to the expanding base to be able to compete internationally. The market would determine the structure of the Banking Regulation Act. Women banking and empowerment of the poor through micro finance emerged as the highlights of this reform. The State of Andhra Pradesh has become the home of micro finance.

But the issues of transparency and consumer protection in this new banking movement has remained almost a non-issue. Public participation in banking would be the hallmark of democratic banking. People know what is done with their money given to the banks. While corporate reforms have led to significant changes in corporate reporting. The same story has yet to be repeated in full measure in the banking sector. As the banking sector becomes machine rather than man/ woman dependent, the question of transparency becomes more difficult. This has direct fallout in the banking consumer protection area. Banking consumers do not have the slightest notion of the time limits within which their transactions with a bank should be delivered or effected and there is no mechanism to ensure such delivery. The Legal Aid movement has been left technologically and ability wise, far behind to be able to comprehend and act in the consumer interest. The entire burgeoning area of enabling the poor to be productive cries out for legal aid in their interface with micro finance groups. But in the absence of a reform movement in the public sector legal aid, the legal wing that could help ensure a fair just and reasonable banking, lies broken. Accordingly a human rights banking approach is yet to develop to ensure that access to financial services is without any discrimination, that the access is of an acceptable quality and whether access is on a basis and through procedure that are fair and just under the Constitution of India. Access to banking is access to justice, access to justice is access to development and access to development is access to human dignity.

The National Micro Finance Task Force, 1999 defines micro finance as the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban and urban areas for enabling them to raise their income levels and improve living standards." ILO defines micro finance as a development approach that provides financial services through institutions to low income clients. But nowhere is there a recognition of the publicly financed country wide State run legal aid programmes that must be integrated with these definitions. Inclusive banking which will cover the large populations who are in no position to offer securities or collaterals does not include the legal machinery that will ensure funding to the poor as a commitment of national economic development. The problem is at both the national and the international levels. Hence though RBI guidelines provide for consumption credit for the poor through the formal banking system, the poor have no idea of this entitlement and there is no machinery to secure this. The consequence is that the poor for meeting their consumption needs without any collateral are driven to the costliest credit available with the moneylender. A potential financing market of the poor around Rs. 50,000 crore in India alone today stands at the crossroads between the money lender and the entrepreneurship of micro finance in which the poor help themselves to get out of poverty. Micro finance itself stands at a crossroads between a ground reality financial service or a commercialized financial service, - policy issues which an effective legal aid movement in this are could help resolve in a pro-poor manner. There is too much at stake in terms of political economy to leave the project of making the poor bankable to the bankers and money organizations alone.

For India watchers FM provides a budget round up which gives the broad features of India's new economic initiatives in terms of tax proposals for the financial year 2007-2008. The bank interest rates are climbing in the attempt to limit inflation. FM brings you the latest on the political scene in the various States were elections are being held to constitute new legislatures. Summer is here in full swing. The fragrance of watermelons and mangoes pervades in the air. FM tells you how to escape the heat by traveling to enchanting Mizoram. The climate change experts are predicting a scorching summer.

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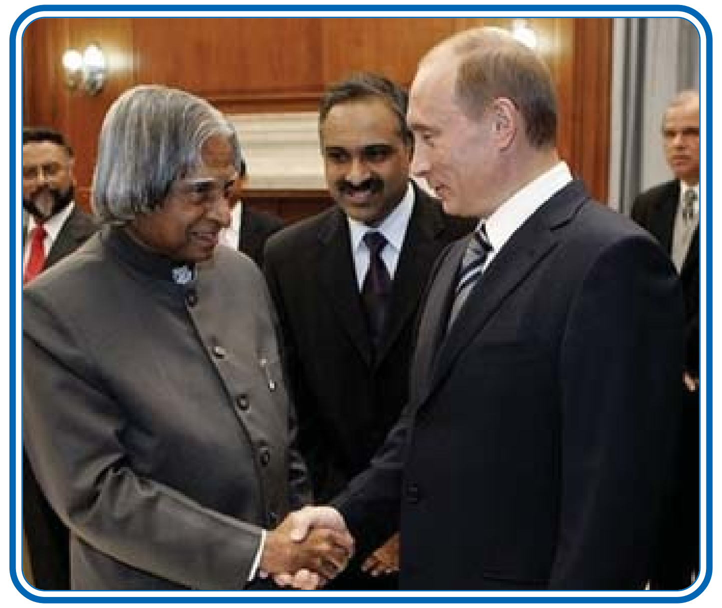
Clippings



President A. P. J. Abdul Kalam hosting Russian President Vladimir Putin in New Delhi

India upgrade reflects strong prospects: S&P

India is the 13th country currently rated by Standard & Poor's (S&P) that has made the transition to investment grade from speculative grade, and signals the first time the country has moved back into this category since 1991. According to a special report released on India, S&P said the upgrade on India's ratings to investment grade reflects the country's strong economic prospects and external balance sheet and its deep capital market, which supports a weak but improving fiscal position

Trade policy gives more sops to exporters

The government has set an ambitious target of increasing its merchandise exports by 28 per cent to $160 billion in 2007-08. It has rolled out sops to exporters by way of removing service tax on exports, giving thrust to incentivising agri exports and agro processing infrastructure, incentivising high technology exports and extending the time period of the DEPB scheme by another year.