



High Commission of India, Kingston

Economic News Letter – November 2016

With GST in the offing, India rises to second spot on global biz optimism index. India improved its ranking by one spot in a Global Index of Business Optimism, with policy reforms and Goods and Services tax (GST) expected to become a reality soon. According to the latest Grant Thornton International Business Report, India was ranked second on the optimism index during the third quarter (July-September 2016). Indonesia took the top spot, with the Philippines coming in third. India was ranked third during the April-June period after being on top for two consecutive quarters. The report is prepared on the basis of a quarterly conducted global business survey of 2,500 businesses across 36 economies.

Foreign direct investment (FDI) into the country grew by over 30 percent to US\$ 21.62 billion during the first half of 2016-17 as compared to FDI worth US\$ 16.63 billion received during the same period in 2015-16. The sectors that receive maximum inflows include computer hardware and software, trading business, automobile industry and chemicals. India receives maximum FDI from Mauritius, Singapore, the Netherlands and Japan. In 2015-16, FDI went up 29 percent to US\$ 40 billion as against US\$ 30.93 billion in the previous fiscal. Foreign investment is considered crucial for India, which needs around US\$ 1 trillion to overhaul its infrastructure such as ports, airports and highways to put growth on a higher trajectory.

Foreign Direct Investment registers 30 per cent growth

States to get Rs 7,000 Crore (US\$ 1050 million) for skill development

The Union government will disburse around Rs 7,000 crore to states to help align them with the Centre's Skill Development agenda and persuade them to create an ecosystem of entrepreneurship for youngsters. The Ministry of Skill Development and Entrepreneurship has convened a meeting of State Skills and Labour Ministers in New Delhi to draw a road map on it and discuss handholding measures it is ready to offer to the states. The Ministry is taking soft loan of \$1 billion (nearly Rs 6,660 crore) from the World Bank for skill development initiatives and most of the amount will be disbursed to states. Besides, it will disburse some Rs3,000 crore or 25% from the funds earmarked for the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), a flagship skill development scheme of the Union government to train 10 million people over the next four years. The Union cabinet has already approved about Rs12,000 crore for PMKVY earlier this year.

India's September exports growth gives hope, says Commerce Minister Sitharaman

Indian exports grew at 4.62 per cent in September to revive hope among the country's exporters struggling against depressed global demand, Commerce Minister Nirmala Sitharaman said while inaugurating the 36th India International Trade Fair (IITF) in New Delhi. Signalling a clear reversal in the

otherwise continuous decline in Indian exports, official data last month showed September exports at \$22.88 billion grew 4.62 per cent over exports recorded in the same month last year at \$21.87 billion, buoyed by good performance in sectors such as engineering and gems & jewellery.

FDI jumps 77.5% to \$5.15 billion in September

With the government relaxing FDI policy and taking steps to improve ease of doing business, the Foreign Direct Investment in the country increased by 77.5 percent to USD 5.15 billion in September this year. In September 2015, the FDI had stood at USD 2.9 billion, according to the data of the Department of Industrial Policy and Promotion (DIPP). During April-September period of this fiscal, FDI in the country grew by 30 percent to USD 21.62 billion as compared to USD 16.63 billion in the same period last year. Among the top 10 sectors, services received the maximum FDI of USD 2.29 billion during the first half of this fiscal, followed by telecommunications (USD 2.78 billion), trading (USD 1.48 billion), computer software and hardware (USD 1.03 billion) and automobile (USD 729 million). During the period, India received the maximum FDI from Mauritius (USD 5.85 billion) followed by Singapore (USD 4.68 billion), Japan (USD 2.79 billion), the Netherlands (USD 1.61 billion) and the US (USD 1.43 billion).

India's October export indicates nearly 10% growth

Signalling a clear reversal of the earlier continuous decline in Indian exports, official data showed that export grew for the second month in a row at \$23.51 billion in October on the back of a good showing by the jewellery and engineering sectors. Exports thus registered a healthy 9.59 per cent growth over that recorded in the same month last year at \$21.46 billion. However, cumulatively for the April-October period, exports were down 0.17 per cent in dollar terms at \$154.9 billion, as against exports of \$155.2 billion over the same period last year, as per data released by the Commerce Ministry. The Government said there was growth in exports to US (0.20 per cent), EU (5.78 per cent), Japan (10.03 per cent) but China exhibited negative growth (-3.01 per cent) for August 2016 over the corresponding period of the previous year, as per latest WTO statistics.

Sovereign, pension funds line up to invest post demonetization

Following the demonetisation exercise and clampdown on counterfeit notes and black money, 'Invest India' — the government's investment promotion & facilitation agency — has been flooded with queries from foreign pension funds and Sovereign Wealth Funds (SWF) regarding locations and sectors to invest in the country. Encouraged by this trend, 'Invest India' has decided to set up a dedicated team of experts by mid-December this year to cater to the

needs of SWFs (which are state-owned investment entities) and foreign public and private pension funds, to attract mega investments into India, according to Invest India sources. Invest India is also planning Road shows across the world to explain the demonetisation policy and the Goods & Services Tax legislation and their impact on ease of doing business in India in a "clean manner" for SWFs and pension funds.

Renewable energy ministry eases norms for entry in wind power sector

Ministry of New and Renewable Energy (MNRE) has done away with a crucial committee which used to approve turbine models before these could be sold. This move is encouraging more wind turbine manufacturers to enter the Indian market. Henceforth, turbine makers will need to only provide details of their products online to the MNRE to obtain the necessary certification to sell, and if the products satisfy the specifications, they will automatically be included in the Ministry's Revised List of Models and Manufacturers (RLMM). Wind energy developers are delighted with the step. However, as before, overseas turbine makers will still be required to set up a manufacturing facility in India if they wish to sell. Some of them see this too as an entry barrier. Ministry official added that in place of the certification committee, an appellate committee may be set up to settle any disputes that may arise.

India is a promising emerging market: Huawei Co-CEO Ken Hu

China's Huawei considers India as a "very important and promising emerging market" with huge business opportunities for handset and telecom network businesses. The company's rotating Co-Chief Executive, Ken Hu, said that Huawei's business in the country is flourishing because of its good relationships with various carrier

partners. The top executive also added that India would see a considerable swell in the number of telecom subscribers and an expansion in its mobile broadband coverage, which will significantly push up data traffic. Huawei is betting big on India's fast growing smartphone market, and it is looking to tap the country's youth with affordable handsets.

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