

WEEKLY ECONOMIC BULLETIN



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Indian companies boost growth in Britain

A new industry report tracking Indian companies based in Britain has revealed that many of them are boosting growth rates in the country, registering a combined increase in revenue of £4 billion: from £22 billion (Rs 2.1 lakh crore) in 2014 to £26 billion (Rs 2.5 lakh crore) in 2015.



IMF retains India's growth forecast at 7.5% for FY17

India is expected to grow at 7.5 per cent in FY17, underpinned by strong domestic consumption, which has benefited from lower energy prices, says the International Monetary Fund (IMF) in its Regional Economic Outlook: Asia and Pacific.

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Chinese investors show interest in Indian startups

Mobile10X, a programme initiated by the Internet and Mobile Association of India (IAMAI) along with OnionFans, a Singapore-based tech media and venture fund, organised a two-day startup summit, where over 150 early-stage startups pitched to 15 Chinese investors.



Travel market in India will be US\$ 40 billion by 2020: Nathan Blecharczyk

World's largest marketplace for accommodation Airbnb sees India as a \$40 billion travel market by 2020.

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Govt to invest Rs 25 lakh cr in infra, says Gadkari

The govt expects investments worth Rs 25 lakh crore in roads, railway and shipping infrastructure over three years, including setting up of 27 industrial clusters at ports at around Rs 8 lakh crore, Road Transport and Highways Minister Nitin Gadkari.

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TRADE NEWS



India is largest producer of coir in the world

India is the largest producer of coir in the world with a production of 5,42,000 MT which comes to around 55% of world production of coir. India is followed by Sri Lanka and Vietnam in terms of production of coir.

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NEWS ROUND-UP



India lends support to strong Asian region growth: ADB president

India's strong growth is expected to contribute to Asia's overall economic expansion and the region is projected to grow by 5.7% in 2016, Asian Development Bank President Takehiko Nakao said.

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Indian companies boost growth in Britain

A new industry report tracking Indian companies based in Britain has revealed that many of them are boosting growth rates in the country, registering a combined increase in revenue of £4 billion: from £22 billion (Rs 2.1 lakh crore) in 2014 to £26 billion (Rs 2.5 lakh crore) in 2015.

The report, titled 'India meets Britain: Tracking the UK's top Indian companies' by consultants Grant Thornton UK and CII shows that while there has not been a large increase in the total number of Indian companies in the UK over the last year, the number of Indian companies growing at more than 10% – the key benchmark for inclusion in the tracker – has nearly doubled, from 36 to 62 firms.

It says that the performance could be attributed in part to the high-growth sectors in which many of them operate – notably technology & telecoms (32% of high-growth Indian firms in the UK), and pharmaceuticals and chemicals (19%).

Bharti Airtel tops the list of Indian companies contributing most to Britain's growth, followed by HCL Technologies, Emcure Pharma, Apollo Tyres, and Wockhardt, among others.

The true value of Indian companies doing business in the UK is highlighted by Grant Thornton's analysis of tax contributions from Indian companies and their employment footprint.

The research shows that Indian-owned companies pay combined UK corporate tax of almost £650 million (Rs 6,240 crore), up from £500 million (Rs 4,800 crore) last year.

However, the total value of tax contributions is considerably higher when additional taxes such as payroll and sales tax are taken into account.

According to the analysis Indian companies employ almost 110,000 employees in the UK, with the automotive sector accounting for the highest number of employees at 36%, the CII said in a release.

Of the 62 firms in the tracker, 30 are SMEs with a turnover of £5 million to £25 million, 27 are mid-sized (turnover £25 million-£250 million) and five are large corporates (turnover of above £250 million).

Anuj Chande, head of South Asia Group at Grant Thornton UK, said: "The India Tracker shows that the level of investment in the UK by Indian companies remains high. In 2015, investments from India rose by 65%, making it the third -argest source of FDI in the UK".

Source: Hindustan Times

IMF retains India's growth forecast at 7.5% for FY17

India is expected to grow at 7.5 per cent in FY17, underpinned by strong domestic consumption, which has benefited from lower energy prices, says the International Monetary Fund (IMF) in its Regional Economic Outlook: Asia and Pacific.

The government's push to boost capital spending could help crowd in private sector investments, which will help broaden the recovery, it added.

The IMF lowered its growth forecast for the Asia-Pacific region to 5.3 per cent in 2016-17, marginally lower than the previous estimate of 5.4 per cent. The downgrade reflects the sluggish nature of global recovery, which suggests that export growth is likely to be muted.

As such growth in the region is likely to be driven largely by domestic consumption demand aided by lower commodity prices. The aggregate growth numbers might be adversely affected as the IMF predicts the Chinese and Japanese economies to slow sharply over the next two years.

Particularly worrying is the slowing down of the Chinese economy, especially economies which are closely integrated with the Chinese supply chains. But those who are exposed to China's consumption demand may benefit, as the country attempts to rebalance its economy towards domestic consumption.

"Asia remains the most dynamic part of the global economy but is facing severe headwinds from a still weak global recovery, slowing global trade, and the short-term impact of China's growth transition," said the IMF.

While India will remain as the fastest-growing economy in the world, there are several reasons to worry. For one, as the IMF points out, weak exports, courtesy sluggish global growth and sluggish credit growth, in part a consequence of stressed bank and corporate sector balance sheets "will continue to weigh on the economy."

With the Reserve Bank of India forcing banks to recognise the true extent of bad loans in the system, bank profits, especially in the public sector unit (PSU) segment, have come under stress, as they make provisions to deal with the bad loans. This puts pressure on PSU banks to raise capital.

Though the government has allocated Rs 25,000 crore in the Budget for this purpose, analysts believe this may simply not be enough. In fact, even the IMF warns that despite exceeding regulatory requirements, Tier-I capital levels are relatively lower in India and China.



Source: Business Standard

Chinese investors show interest in Indian startups

Mobile10X, a programme initiated by the Internet and Mobile Association of India (IAMAI) along with OnionFans, a Singapore-based tech media and venture fund, organised a two-day startup summit, where over 150 early-stage startups pitched to 15 Chinese investors.

OnionFans, which consists mostly of Chinese founders, is focused on bringing investors to India every quarter to identify key mobile internet startups in varied sectors ranging from fin-tech, ed-tech, healthcare, ecommerce and business-to-business platforms.

According to Satyendra Verma, COO at Mobile10X, this is the first Chinese investor connect platform they have established for Indian startups to interact with. In the future, they might consider setting up similar platforms with investors from other countries. "We will look at varied startups, but plan on investing a maximum of \$5 million in one project.

Some of the Indian startups that we may invest in could be big data analytic platforms that could partner with some of our Chinese portfolio companies to become stronger and expand globally," said Joe Wei, founder of Grand View Capital.



Source: The Economic Times

Travel market in India will be US\$ 40 billion by 2020: Nathan Blecharczyk

World's largest marketplace for accommodation Airbnb sees India as a \$40 billion travel market by 2020.

Airbnb relies on its USP of offering a local experience to guests, different from staying in a hotel, which Nathan Blecharczyk, co-founder of Airbnb, described as 'mass produced and commoditised'.

The 2008 startup funded by Y Combinator, Sequoia Capital, Greylock Partners and others operates in 191 countries with a staff of just 2,000. In April, it entered into a strategic partnership with the Times Group, publishers of this paper, to expand its footprint in India and create a local experience.

In an interview to ET, Blecharczyk, one of the three co-founders of Airbnb, discussed Airbnb's impact on the market, how it copes with regulatory challenges, and plans to grow. Excerpts...

What does Airbnb cater to? Is it travel, short term stay, or both? How do you define it?

Airbnb is great for any accommodation you want to book up to three months. If you are doing internship over summer, or just travelling as a tourist, you might want to check it out. The average stay at Airbnb property is 4-5 days.

For 4-5 days, it's a bit of a hassle to go into an unbranded, unknown place. How does that compare with hotel stay?

It's very transparent. Paris is our top city with 70,000 homes on the platform, followed by New York and London. Airbnb is away for visitors to live like locals. You are in a local neighbourhood you can stay in tree houses, igloos, castles, houseboats, heritage homes, etc. It is a totally different feeling compared to a hotel. Hotel experience is very mass produced, commoditised. But travel is about local experiences and hotel may not be the best option.

The aggregator model has not gone down well with regulators in several countries. Even cab aggregator Uber has had frequent problems. In Berlin and other markets you have faced headwinds. How do you see your business in India?

The Airbnb model has come on to people's radars rather suddenly. Obviously, none of the existing policies contemplated such a thing is possible. Governments are trying to figure out what is this new model. And how should existing rules apply. There's an appreciation that new rules need to be created and when that happens we have seen very favourable rules. In 30 or so cities and countries, favourable home share laws have been passed, like in France, UK, Portugal, Netherlands. Even the India government has a favourable disposition to this. Our stance as a company is to try to have conversations with local authorities. For instance, there are issues like tax that come up. We can add value here. We are already handling money. We do that in many cities. Once we get into these dialogues, it becomes constructive.

The platform has been used in India for some time now. What has been the response?

India is a company priority now. There are 18,000 homes in India on Airbnb in 100 cities and that number has grown 115% in the last year, and on the travellers' side, we have seen 185% increase in travellers from India going abroad. We think there's a rising tide here, the market is growing and it's predicted by 2020, the total addressable travel market in India will be \$40 billion. We don't grow by giving discounts, but primarily by word of mouth.



Govt to invest Rs 25 lakh cr in infra, says Gadkari

The govt expects investments worth Rs 25 lakh crore in roads, railway and shipping infrastructure over three years, including setting up of 27 industrial clusters at ports at around Rs 8 lakh crore, Road Transport and Highways Minister Nitin Gadkari.

Speaking at the same event, National Highways Authority of India (NHAI) Chairman Raghav Chandra said it was planning to award projects worth Rs 11,000 crore over the next few years to enhance safety on national highways in a bid to curtail road accidents.

"The roads and highways ministry has given an in-principle approval for awarding projects worth Rs 5,000 crore every year to install safety features on highways. More than 150,000 deaths occur every year in 450,000 accidents on our roads," Chandra said.

According to Gadkari, the government plans to spend an additional Rs 5 lakh crore on road, railway and ports connectivity projects, apart from the expenditure of Rs 8 lakh crore on 27 industrial clusters and building smart cities at ports.

The minister also announced the total award of highways projects will rise to Rs 2 lakh crore by May as compared to Rs 1.6 lakh crore at present. He added the figure would rise to Rs 5 lakh crore by May 2017. Gadkari said the pace of road construction had risen from two km (kilometre) per day in May 2014 to 20 km per day now and his ministry had ensured execution of 403 projects worth Rs 3.35 lakh crore, barring 33 projects, where work was stuck.



Source: Business Standard

Govt to sign pact with WHO in the field of traditional medicines

The Union Cabinet in its meeting held on 17th February 2016 approved the signing of Agreement with the World Health Organization (WHO).

The Agreement, however, is yet to be signed. As per Cabinet approval, as a first step in the long term collaboration, India would assign to WHO activities for development of the following WHO Technical documents/publications which will help in better international acceptability of Indian Systems of Medicines:

- Benchmarks for training in Yoga
- Benchmarks for practice in Ayurveda
- Benchmarks for practice in Unani Medicine
- Benchmarks for practice in Panchkarma

For enhancing the acceptability and branding of AYUSH systems internationally, in the recent past Memorandums of Understanding (MoUs) for undertaking collaborative research have been signed with Royal London Hospital for Integrated Medicine, UK and National Centre for Natural Product Research (NCNPR) University of Mississippi, USA and Letter of Intent (LoI) with University of Strasbourg, France. The long term collaboration with WHO would help in improving international acceptability and branding of AYUSH systems.



The areas of cooperation would help to facilitate awareness regarding AYUSH systems of medicine by means of education, training, skill development, workshops, publications and exchange programmes between AYUSH and WHO for capacity building to facilitate advocacy and dissemination of information on AYUSH systems amongst the member states and collaborations with third parties for creating synergies in implementation of WHO Traditional Medicine Strategy 2014-2023.

The Ministry of AYUSH has also launched a scheme for Voluntary Certification of Yoga Professionals on 22nd June, 2015 in collaboration with Quality Council of India (QCI). The scheme aims at promoting authentic Yoga as a preventive and health promoting drugless therapy and involves certifying the competence level of the professionals to help their deployment within and outside the country. Besides signing of 'Country to Country' MoUs for cooperation in the field of Traditional Medicine with Mongolia, Turkmenistan and China, MoUs for setting up of AYUSH Academic Chairs have been signed with Universities in Russia, Indonesia, Slovenia, Thailand and Armenia. AYUSH Information Cells have been set up to disseminate authentic information about AYUSH Systems of Medicine at Dubai, Croatia, Kyrgyzstan, Israel, Argentina, Serbia and Sweden.

This information was given by the Minister of State (Independent Charge) for AYUSH, Shri Shripad Yesso Naik in written reply to a question in Rajya Sabha today.

Source: Press Information Bureau

India is largest producer of coir in the world

India is the largest producer of coir in the world with a production of 5,42,000 MT which comes to around 55% of world production of coir. India is followed by Sri Lanka and Vietnam in terms of production of coir.

Government of India is implementing various Schemes for promotion of coir in the country and to enhance the production and export of coir and coir products. The Schemes are Coir Udhyami Yojana, Science & Technology and Coir Vikas Yojana comprising of components like Skill Upgradation, Quality Improvement Scheme and Mahila Coir Yojana, Export Market Promotion & Domestic Market Promotion.

Government is also implementing the Scheme of Funds for Regeneration of Traditional Industries(SFURTI) for development of Coir Clusters. Under the ASPIRE Scheme of the Ministry of Micro, Small and Medium Enterprises (MSME), Coir Board is in the process of establishing Livelihood Incubation Centres in various parts of the country, which will provide training and handholding support to new entrepreneurs of coir sector.

The thrust of Government has been to promote production of coir in the non-traditional States for which Coir Board has recently opened offices in Sindhudurg in Maharashtra, Kavaratti in Lakshadweep and Port Blair in Andaman & Nicobar Islands. In addition, Government through Coir Board has been focusing on production of value added products to cater to domestic as well as foreign markets.

This information was given by the Minister of State, Micro, Small and Medium Enterprises, Shri Giriraj Singh in a written reply to a question in Rajya Sabha here today.



Source: Press Information Bureau

India lends support to strong Asian region growth: ADB president

India's strong growth is expected to contribute to Asia's overall economic expansion and the region is projected to grow by 5.7% in 2016, Asian Development Bank President Takehiko Nakao said.

He said Asian countries must maintain sound macro-economic policies, invest more in infrastructure, human capital and technology and develop efficient financial markets and improve the business climate, adding that he expects growth in the region to be similar in 2017.

"Asia as a whole has been growing in this decade even after the global financial crisis....India, Vietnam, Cambodia, Myanmar and Bangladesh are keeping very robust growth so I am very positive about Asian economic conditions," said Nakao.

He said authorities across the region were more confident of dealing with any possible impact of the US raising interest rates.

"Exchange markets and stock markets are more stable, India, Indonesia and so on and they are more confident of management of these issues. Asia must be mindful of the outflow of capital," he said.

Nakao said the ADB was ready to help countries who are facing the impact of lower commodity prices on their public finances. He cited the \$1 billion support to Kazakhstan to maintain social sector spending in the face of decreased revenues.

Elaborating on Asia's long term growth potential, the ADB President said in many countries the population remains young and is growing. "This will bring large demographic dividends if we can create quality jobs. The middle class is expanding, providing a basis for strong consumption," he said.

The Manila-based ADB is holding its 49th Annual meeting in Frankfurt. Finance Minister Arun Jaitley is likely to detail India's reform agenda and the steps taken by the government to boost economic growth and reduce poverty.

Source: The Times of India



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