



### **Chamber participates in the largest Flemish economic mission to India**

“India is vibrant, an emerging global power and is open and willing and ready to work with us and now it is our job is to seize this opportunity. I am passionate about Flanders-India business relationship and we would take this opportunity to strengthen our economic relationship,” the Minister-President of Flanders Government His Excellency Geert Bourgeois said concluding his seven days economic mission to India.

During the economic and mission that concluded on 28 April in Bengaluru, there were more than 20 events covering several sectors of industrial activities including visits to the joint ventures between Flanders and Indian companies.

Flanders and India share a strong and growing economic relationship, driven by entrepreneurial and visionary individuals, institutions, and businesses in both countries. This engagement, including trade, investment has always been at the leading edge of the Flanders-India relationship. It is meaningful that relations between Flanders and India have moved to a new level of co-operation in the past couple of years.

More than 85 business leaders representing 55 companies visited Pune, Mumbai and Bengaluru.

The Flanders Investment and Trade had organized the mission which provided an opportunity to Flanders businesses to further explore the Indian market. Flanders mission delegates actively participated in the Business Leaders’ Summit in the three cities. The delegation focused on infrastructure, manufacturing, research and innovation, Knowledge processing, construction and development, information technology, and the service sector.

The brief report covers the Flanders Economic Mission to India from 23 to 28 April 2016, organised by Flanders Investment and Trade.

Flanders Economic Mission to India was an unqualified success. Highlights include:

- Mission was led by Minister-President His Excellency Geert Bourgeois.
- 85 delegates in all representing 55 companies participated.
- 21 major business networking events/activities each lasting several hours.
- 3 mega cities visited – Pune, Mumbai and Bengaluru – the first Flanders trade and economic mission to travel beyond Mumbai and New Delhi.
- Numerous business contacts established.

In Mumbai on 26 and 27<sup>th</sup>, the events were worth attending for anyone who wants to see the growing strength of Belgo-India cooperation. In between there were Lunches, Cocktails and Dinners.

Minister President was visiting India with the largest-ever business mission in a bid to build on the growing economic momentum between the two countries.

The seven-day long mission called India Economic Mission include 85 Flanders business leaders who represent a wide range of sectors, including resources and energy, infrastructure, transport, agri-business and food, financial services, health, sport, cultural services, tourism, education and training .

The visit by the Minister-President follows the successful visit by India's Prime Minister Shri Narendra Modi on 30 March to Belgium.

India enjoys traditional, warm and friendly relations with Belgium. Trade relations go back to the 17th century when ships sailed from Ostend to Indian ports. India established diplomatic relations with Belgium in 1948 and there has been regular interaction at high levels since then. India and Belgium share common values of democracy, pluralism and rule of law and are committed to multilateralism in international relations. Indian Diaspora in Belgium have been playing an important role in the economic and social development of Belgium and we are second to none in our contribution to the economic well-being of Europe.

One of the most important event in Mumbai was the Seminar on Flanders Meets Maharashtra Summit. The IL&FS Chairman Mr. Ravi Parthasarathy was the Key Note speaker.

The Mission has 85 members represented 55 companies. The success stories of investment in India was displayed by Indo-Belgium-Luxembourg Chamber of Commerce and Industry at the seminar Doing Business in India. Mr. Raman Madhok of CMI is the President of the IBLCCI.

EICC is committed to assisting Flanders companies with networking opportunities and providing them with a platform to enter the Indian market. The economic mission facilitated connections between Flanders delegates and Indian economic organizations with significant representation in the manufacturing and science and technology sector.

India Economic Mission 2016 delegates also benefited from interactive sessions with business leaders, political leaders and senior government officials who are directly involved with the promotion of trade ties with Flanders. These connections are crucial for the expansion of Flanders business into the Indian market – Flanders and India are natural partners for innovative projects.

Trade and Economic Missions play an important role in the toolbox of any company or organization involved with international commerce or programmes. With good preparation and follow-up, missions can be great door openers, and participants could benefit in many ways

An additional benefit is that the mission participants developed close friendships among themselves and a useful, professional network. A strong group of Flanders companies are now far better informed on the opportunities and trade prospects with India. Although India is the fastest growing economy of the world, the country needs investment, technology and joint venture in order to sustain its economic growth which is far more challenging than many other emerging countries. Although Flanders has a strong presence in India, it is however felt that it is still significantly under represented and there lies huge opportunities for business partnership.

EICC is confident that in the coming months, with a proper follow up, new trade deals will be struck as a result of the economic mission and the links made will stand us in good stead for many years ahead.

EICC cannot overstate the wholehearted support and co-operation EICC has received from the Flanders Investment and Trade and the opportunity the Secretary General used to express his gratitude to the FIT during the VIP Power Lunch on the 26th April in Mumbai.

On the eve of the Mission the following Press Release was issues:

***Largest Flemish economic mission ever set out for India***

Flanders' Minister-President Geert Bourgeois leads a Flemish economic mission to India from 24 to 28 April. It is the largest economic mission ever: no less than 84 participants will explore commercial opportunities in Pune, Mumbai and Bangalore. In total, 55 Flemish companies and sector federations have registered. Flanders Investment & Trade organises the mission.

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Editor: **Secretary General**

## Why India?

- India is Flanders' 7th trade partner. After the US, India is our 2nd most important non-European customer and our main market in Asia (ahead of China). Within the EU, Belgium is India's 3rd most important trade partner (behind Germany and the UK). In 2015, Flemish exports to India totalled 7.6 billion euros. Flanders accounts for 97% of Belgian exports to India. Diamonds remain the driving force with 80%. However, numerous other products also increasingly find their way to India, such as fruit (+330% in 2015), machines (+18%) and plastics (+16%).
- India is an important investor in Flanders. A study 'Indian companies in Belgium', carried out in 2014 by the Europe India Chamber of Commerce, inventoried 42 Indian investments in Flanders. These Indian companies operate in diverse sectors such as ICT, pharmaceuticals and chemistry, finances, logistics, automotive and mechanical engineering and equipment. In 2015, 7 Indian companies invested in Flanders, situating the country in the top 10 of major foreign investors in Flanders.

## What is on the mission's programme?

- Seminars and network events will allow Flemish companies and organisations to get in touch with the most prominent economic actors in India. The focus is on the clean-tech, food, smart cities, infrastructure and high-tech sectors.
- The attention of the project managers will be directed to the Flemish expertise and know-how.
- The FIT offices have arranged for more than 150 b2b appointments between Flemish and local companies and organisations.
- 5 contracts and MoUs will be signed by Flemish companies or organisations.
- 7 company visits/projects have an obvious link with Flanders.
- Flanders will be spotlighted as investment location during seminars and individual meetings with existing and potential investors in Flanders.
- Political consultation with the local minister-presidents of the federated states of Maharashtra and Karnataka is on the agenda.

## Quotations

"By visiting India, we further tighten the bonds with a trade partner who is gaining importance and offers many opportunities in a variety of sectors. Flemish exports to India amount to no less than 7.6 billion euros. With this mission, we seek to consolidate our diamond exports to India and promote other export sectors such as clean tech, food, infrastructure and high tech. In India, our Flemish innovative and knowledge-driven economy is held in high regard. Also we hope to encourage Indian companies to increase investments in Flanders".

- Geert Bourgeois

"Flemish companies, clusters and organisations have the expertise, the know-how and the state-of-the-art products and services to prosper in foreign markets, including the Indian market. Flanders Investment & Trade will introduce them to the right people during this mission. During these last month's our FIT offices in Mumbai and Bangalore and our collaborators of the Brussels headquarters have been intensively preparing this largest Flemish economic mission ever. I am looking forward to taking the Flemish participants on a successful mission, in cooperation with the Minister-President of Flanders, Geert Bourgeois".

- Claire Tillekaerts

### **IMF retains India's growth forecast, cuts global projection**

The International Monetary Fund (IMF) has retained India's growth projections for 2016-17 at 7.5 per cent, while it cut global economic expansion by two percentage points to 3.2 per cent for 2016 and one percentage point to 3.5 per cent in 2017. According to IMF, India's growth will continue to be driven by private consumption "which has benefited from lower energy prices and higher real incomes".

In its World Economic Outlook, IMF, however, cautioned India that sustaining growth would require labour reforms as well as reducing infrastructure bottlenecks.

In 2016-17, India's growth would be higher than China's by 1.3 percentage points. The country has overtaken China since 2014-15, becoming the fastest growing large economy in the world. For 2015-16, India's growth was pegged at 7.5 per cent, a shade lower than official estimate of 7.6 per cent.

Retaining its October 2015 forecast for India, IMF said, "With the revival of sentiment and pick-up in industrial activity, a recovery of private investment is expected to further strengthen growth."

The World Economic Outlook report noted that in India, monetary conditions remain consistent with achieving the inflation target of five per cent in the first half of 2017, although an unfavourable monsoon and an expected public-sector wage increase pose upside risks. However, India Meteorological Department has predicted the monsoon to be above normal this year.

In India, lower commodity prices and a relatively tight monetary stance have resulted in a faster-than-expected fall in inflation making room for nominal interest rate cuts, but upside risks to inflation could necessitate a tightening of monetary policy, the Fund said.

"Fiscal consolidation should continue, underpinned by revenue reforms and further reductions in subsidies. Sustaining strong growth over the medium-term will require labour market reforms and dismantling of infrastructure bottlenecks, especially in the power sector," said IMF.

In FY15, India's growth was 7.3 per cent, which would increase to 7.5 per cent each in the next two years of 2016-17 and 2017-18, the IMF said.

IMF said the global economy faced headwinds from weak growth and rising protectionism and warned of possible "severe" damage if Britain quit the European Union.

At the same time, the IMF report projected a decline in China's growth rate from 6.9 per cent in 2015 to 6.5 per cent in 2016 and 6.2 per cent in 2017.

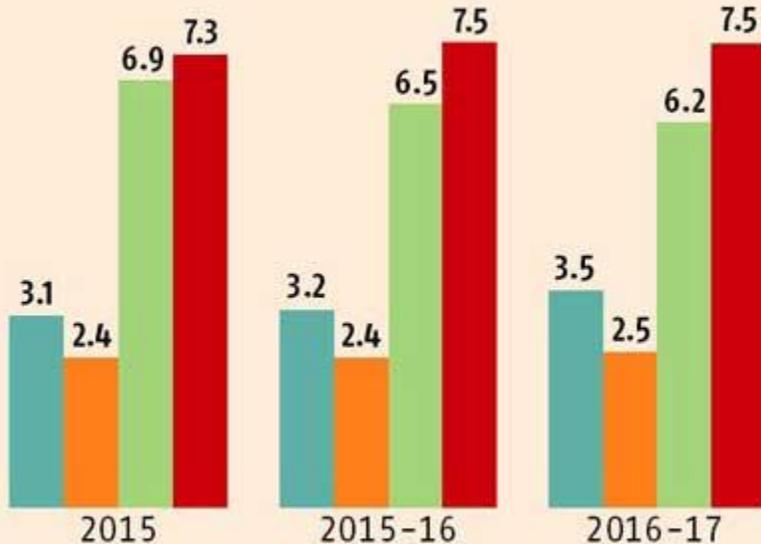
"China, now the world's largest economy on a purchasing- power-parity basis, is navigating a momentous but complex transition toward more sustainable growth based on consumption and services," it said.

The report said given China's important role in global trade, "bumps along the way could have substantial spillover effects, especially on emerging market and developing economies". According to the report, the re-balancing process in China might be less smooth than assumed in the baseline scenario.

## INDIA AHEAD OF PEERS

Year-on-year economic growth (%)

■ World ■ US ■ China ■ India



Note: 2015 is actual data, and 2016 and 2017 are projections  
Data for India is on a financial year basis. As such, 2015 means 2014-15 and so on.

Sources: World Economic Outlook by IMF

“A sharper slowdown in China than currently projected could have strong international spillovers through trade, commodity prices, and confidence, and lead to a more generalised slowdown in the global economy, especially if it further curtailed expectations of future income.”

The global economy will grow at 3.2 per cent in 2016 and 3.5 per cent in 2017, IMF said, scaling down its earlier forecast of 3.4 per cent and 3.6 per cent, respectively.

“Global growth continues, but at an increasingly disappointing pace that leaves the world economy more exposed to negative risks. Growth has been too slow for too long,” IMF Economic Counsellor Maurice Obstfeld told reporters at a news conference in Washington while releasing the report, according to PTI.

“The new World Economic Outlook anticipates a slight acceleration in growth this year, from 3.1 to 3.2 per cent, followed by 3.5 per cent growth in 2017. Our projections, however, continue to be progressively less optimistic over time,” the news agency quoted Obstfeld as saying.

### Modi's 'Make in India' a success: Moody's

Ratings agency Moody's has said that net foreign direct investment (FDI) inflows have hit an all-time high in early 2016, highlighting the success of Narendra Modi's 'Make in India' initiative. The ratings agency said that the FDI inflows have more than financed the current account deficit (CAD) for the first time since 2004. A country is known to be facing a CAD when the value of its imports is more than the value of its exports.

“The rise in FDI points to stronger investor interest in India on the back of robust economic growth. Higher inflows also suggest that recent government policies, such as efforts to liberalize foreign investment limits in several sectors and the 'Make in India' initiative, are bearing fruit,” said Moody's in a report released on recently.

Net FDI inflows into India hit an all-time high in January 2016 at \$3 billion on a 12-month moving average basis. India's current account deficit is now more than covered by its FDI inflows. The basic

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balance (the sum of the current account balance and net FDI) returned to a surplus in 2015 after being in deficit from 2003 to end-2014.

This is good news for the domestic currency whose value has been determined by capital flows due to the country's permanent trade deficit. The only dark cloud has been the drop in remittances. Money sent by overseas Indians dropped 30% year-on-year in the September-December 2015 quarter due to turmoil in the Middle East economy. But Moody's said that India's external financing needs have diminished sharply over the last three years due to a crash in commodity prices, which were expected to remain low.

On FDI, Moody's said that the development of industrial corridors, investment & manufacturing zones, and 'smart cities' will further bolster investment inflows. "In particular, flows into the manufacturing sector are likely to accelerate as the government seeks to boost the sector's share of gross domestic product (GDP) to 25% by 2022. Government investment in infrastructure and the establishment of a dedicated fund in last year's Budget to foster private sector participation in infrastructure projects will also help address some of India's deficiencies in this area and foster FDI," the report added.

"The strength of inflows reflects India's relatively strong growth prospects and government efforts to liberalize foreign investment regulation. We expect FDI inflows to continue to rise. Increasing FDI flows provide a stable source of financing that will help to mitigate India's external financing risks," the ratings agency said in a statement. The increase in FDI has happened at a time of volatile portfolio (debt and equity) flows.

After a rapid increase in 2014 to early-2015, portfolio inflows fell markedly to around zero. "Debt portfolio flows may increase again, spurred by the Indian government's lift of the limit on foreign ownership of government bonds, potentially bringing around Rs 27,500 crore into the country. In March, portfolio inflows to emerging markets in general, including India, jumped sharply according to the Institute of International Finance," said the report, adding that they continue to be volatile.

**India world's largest recipient of remittances in 2015: World Bank**

India remained the world's largest recipient of remittances from abroad in 2015, despite a \$1 billion drop from the previous year, the first such decline since 2009, the World Bank said on 14 April 2016. It attributed the decline to the impact of falling oil prices on remittances from the Gulf countries and depreciation of major sending country currencies. In 2015, the country got \$69 billion in remittances.

Remittances into India constituted 2.9 times the foreign direct investment (\$24.3 billion) in 2014. This declined to 1.75 per cent of foreign direct investment, or FDI (\$39.3 billion) in 2015 (also due to a rise in FDI). Other large remittance recipients in 2015 were China, with \$64 billion, Philippines (\$28 billion), Mexico (\$25 billion) and Nigeria (\$21 billion).

Officially recorded remittances to developing countries amounted to \$431.6 billion in 2015, an increase of 0.4 per cent over 2014. The growth pace in 2015 was the slowest since the global financial crisis, the report said. Global remittances, which include those to high-income countries, contracted by 1.7 per cent to \$581.6 billion in 2015, from \$592 billion in 2014, the report said.

**REMITTANCES INTO INDIA IN \$ BILLION**



"Remittances are an important and fairly stable source of income for millions of families and of foreign exchange to many developing countries," PTI said, quoting Augusto Lopez-Claros, director of the Bank's Global Indicators Group.

"However, if remittances continue to slow, and dramatically as in the case of Central Asian countries, poor families in many parts of the world would face serious challenges, including nutrition, access to health care and education," he added.

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\* estimate; Source: World Bank report on migration and development relief

According to the report, the growth of remittances in 2015 slowed from eight per cent in 2014 to 2.5 per cent for Bangladesh, from 16.7 per cent to 12.8 per cent for Pakistan, and from 9.6 per cent to 0.5 per cent for Sri Lanka.

Besides oil price slide, depreciation of major sending country currencies (for example, the euro, the Canadian dollar and Australian dollar) vis-à-vis the US dollar, might be playing a role.

Remittances to Nepal rose dramatically in response to the massive earthquake there, by 20.9 per cent in 2015 versus 3.2 per cent in 2014. Also, many migrant workers returned to take care of their families, as the average number of returns at the airport jumped five times to around 4,000 per day, it said.

Remittances to Pakistan, Sri Lanka, Nepal and Bangladesh exceeded 6% of their respective gross domestic product in 2014.

According to the report, the average cost of sending \$200 to regional countries in the fourth quarter of 2015 was 5.4%, down from 5.9% in the fourth quarter of 2014 and the lowest rate among developing regions. "In India, following the approval of new payments banks, the Digital India and Start-up India initiatives have the potential to improve the environment for new start-ups and disruptive technologies to reduce remittance costs," it said.

"However, regulations governing overseas transactions, including AMLCFT (anti money laundering/combating the financing of terrorism) requirements and foreign exchange controls, may impede extending these services to international remittance transactions," the report said.

#### **UK to hire 400 doctors from India to tackle shortage**

The UK is hiring at least 400 doctors from India to address the shortfall in the number of medical practitioners in the country and meet a UK government pledge of recruiting 5,000 doctors by 2020. The Health Education England (HEE) had signed a memorandum of understanding with India's leading hospital chain, Apollo Hospitals, which would involve the "mutual exchange of clinical staff," the Pulse reported.

The new agreement is said to have been signed due to the acute shortage of medical staff in the UK. The situation worsened after many UK-trained doctors chose to leave the country.

According to the HEE, England and India had signed an MoU as a starting point to explore how both countries could benefit from the mutual exchange of ideas.

The Chennai-based Apollo Hospitals currently has a workforce of 40,000 people and a turnover of over £500 million. The Times of India reported that Apollo Hospitals currently offered a diploma in family medicine that was accredited by the Royal College of General Practitioners (RCGP).

Following initial discussion, Apollo Hospitals said it looked forward to announce the outcome of the initiative over the course of the next few months and years. However, medical professionals in England had warned of chaos if the overseas medical practitioners were recruited in the health services without proper prior training. According to Apollo Hospitals, it signed the memorandum as a "starting point" to explore how both countries could benefit from "the mutual exchange of ideas and clinical staff in improving the education and training of healthcare staff" and patient care.

"These are initial discussions but we look forward to announcing the outcomes of this work over the coming months and years as it progresses," the Times reported.

#### **India gets its own GPS with successful launch of 7th navigation satellite**

India 28 April entered an exclusive club of five nations that have their own satellite navigation and positioning system with the launch of IRNSS-1G, known as Navic, the country's seventh navigation satellite.

With this, the country will not have to depend on a foreign power for military navigation. With the complete system in place, the armed forces will be able to find their position accurately in the battleground and direct ammunition and missiles deep into enemy territory, thanks to the extended range of 1,500 km of the system beyond the borders.

The system can also be used for civilian navigation — aircraft, ships, railways and others. And, terrestrial navigation aid for hikers and travellers, along with visual and voice navigation for drivers. It can also be integrated into phones. Other civilian applications include mapping, disaster management, and vehicle and fleet management, said experts.

The prime minister watched the launch from his office through a direct telecast and thanked the Indian Space research Organisation scientists in a 11-minute speech.

“Till today, we were relying on other countries for a GPS system. Today, we will decide our path, how to go, where to go and how to reach, we will decide with our own technology. Indian scientists have given a precious gift to the 125 crore people in the country.”

IRNSS is similar to the global positioning system (GPS) of the US (24 satellites), Glonass of Russia, and Galileo of Europe, as well as China's Beidou. The 44.4-metre and 320-tonne Polar Satellite Launch Vehicle (PSLV-C33) which carried the satellite system blasted off at 12.50 pm on Thursday from the Sriharikota space station, about 100 km from this city. Just over 20 minutes into the flight, at an altitude of 497 km above the earth's surface, the satellite was separated and injected into transfer orbit. Its life is expected to be about 12 years.

Till date, India had launched six regional navigational satellites (IRNSS-1A, 1B, 1C, 1D, 1E and 1F), to provide accurate position information service to users across the country and the region, extending up to an area of 1,500 km. Though the full system comprises nine satellites (seven in orbit and two on the ground as standby), navigation services could be made operational with four. Each satellite costs about Rs 150 crore and the PSLV-XL version rocket about Rs 130 crore. The seven rockets would entail an outlay of Rs 910 crore.

According to ISRO, with the operationalisation of six IRNSS satellites, the proof of concept of an independent regional navigation satellite system over India has been demonstrated for the targeted position accuracy of better than 20 metres over 24 hours of the day.

#### 5 THINGS TO KNOW ABOUT IRNSS

- India enters a club of 5 countries that operate their own satellite navigation system. With the successful launch, the country will not have to depend on a foreign power for military navigation anymore
- Constellation of seven satellites (3 in geostationary and 4 in geosynchronous orbit) will provide navigational services to South Asia
- It has both commercial and strategic applications. It caters to the needs of civil aviation and for positioning, navigation and timing
- It would power terrestrial, aerial and marine navigation, vehicle tracking and fleet management, terrestrial navigation for hikers and travellers, disaster management, integration with mobile phones, mapping and geodetic data capture, and visual and voice navigation for drivers.

#### **India emerging Amazon's biggest overseas investment market**

India is Amazon's second biggest investment market, after the US, and the company expects it to overtake Japan, Germany and the UK to become its largest overseas market in the next few years. Amazon India's performance has prompted the parent company to include India head Amit Agarwal into founder and CEO Jeff Bezos' S-team, a group of senior leaders that contribute to important decisions.

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Speaking at an investor call after the e-commerce giant's first quarter results on Thursday, Amazon's chief financial officer Brian Olsavsky showered praise on the company's India operations, promising to boost investments in the country on all fronts.

"I had a chance to see firsthand the level of invention going on with both customers and sellers...it's a very exciting time in India and again, the invention is off the charts. We are inventing things in India that do not exist in other parts of the world. And the team there is one of our best," he said.

Olsavsky said he had just returned from India where he spent a week with the teams in Bengaluru and Hyderabad.

Amazon has invested more than Rs15,000 crore in its e-commerce operations in India and is seen to be inching closer to market leader Flipkart. Olsavsky said that for the second year in a row, customers selected Amazon India as the company's "most trusted" online shopping brand.

He noted that in the last quarter, Amazon India rolled out the Tatkal programme, a studio-on-wheels that goes to sellers to help them sign up. "We let them do registration, imaging, catalog, uploads and basic seller training. So we're taking...the business to the sellers. We've already reached sellers in 25 cities and we're really helping them expand their business not only within their home region, but throughout the whole country," he said.

While profit margins from international business are lower than what it was some years ago and lower than in the US, Olsavsky said the company is making large investments in India. "We're very excited about what we see and we will continue to invest heavily in India," he said.

Phil Hardin, director of investor relations, appreciated the clarity brought about on the regulatory environment in India as it impacted Amazon Cloudtail, which is a joint venture between Amazon and N R Narayana Murthy's investment arm Catamaran Ventures.

Under the new guidelines, no vendor on an e-commerce marketplace can account for over 25 per cent of the overall sales on the platform. Cloudtail's sales are believed to be significantly higher.

"We're happy to operate in any regime. So frankly, the more clarity, the better," Hardin said, referring to the recent FDI guidelines for e-commerce marketplaces issued by the Indian government

### **Indian firms 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 (₹ 2.1 lakh crore) in 2014 to £26 billion (₹ 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%).

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 (₹ 6,240 crore), up from £500 million (₹ 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 largest source of FDI in the UK".

**10% rise in China apparel prices would create 1.2 million jobs in India: World Bank report**

Women are going to benefit the most, as every 1 per cent increase in wages could raise the probability of them entering the labour force by 18.9 per cent in India and other South Asian countries, the report says. Women are going to benefit the most, as every 1 per cent increase in wages could raise the probability of them entering the labour force by 18.9 per cent in India and other South Asian countries, the report says. A potential 10 per cent rise in apparel prices in China, which has seen a sustained rise in its wage costs in recent years, could help India create at least 1.2 million new jobs in its labour-intensive garment industry, a report by the World Bank said recently.

Women are going to benefit the most, as every 1 per cent increase in wages could raise the probability of them entering the labour force by 18.9 per cent in India and other South Asian countries, the report says.

As such, the share of women in total employment in apparel industries in these countries is much higher than in any other industries, it adds.

In India, women account for more than half of the workforce in the apparel sector that provides employment to over 45 million people directly and 60 million people indirectly, according to an estimate by the Apparel Export Promotion Council. And the trend is almost similar in other South Asian countries like Bangladesh.

"Rising costs of apparel manufacturing in China provide a window of opportunity for India to focus on apparel in productively employing its huge working-age population," said Onno Ruhl, World Bank country director (India) at the release of the report titled "Stitches to riches?". Even other South Asian nations are going to benefit from China's shift.

However, although India is gaining market share, Southeast Asian countries like Cambodia, Indonesia and Vietnam are outperforming all South Asian nations in overall export performance, product diversity and other non-cost related factors, the report says. So for India to meaningfully cash in on the gradual shifting of China from the apparel sector, it needs to move quickly to ease barriers to the import of man-made fibres, facilitate market access and encourage foreign investments to reach more end-markets, which could also augur well for light manufacturers like footwear and toy, it says.

India's apparel exports are estimated to have just about crossed \$17 billion in 2015-16, compared with the target of \$18.73 billion for the fiscal, as outbound shipments to key markets like the US and Europe remained lower than expected due to an economic slowdown. However, the sector still managed to witness a marginal rise while the country's overall exports witnessed a 16 per cent contraction in 2015-16.

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