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India surpasses France to become world's sixth-largest economy, shows World Bank data

India has surpassed France to become world's sixth-largest economy in terms of gross domestic product (GDP), according to figures released by World Bank.

India's GDP reached $2.597 trillion in 2017, while it was at $2.582 trillion for France, the World Bank said. The United States, China, Japan, Germany and the United Kingdom occupy top 5 places with GDP of $19.390 trillion, $12.237 trillion, $4.872 trillion, $3.677 trillion, $2.622 trillion respectively.
In terms of per capita GDP, the figure in India is much lower than that in France. While India's population is 1.34 billion, France has 67 million people.

With the growth forecast of 7.3% in 2018-19, India has been termed world's fastest growing major emerging economy. The World Bank has forecast that the Indian economy will grow at the pace of 7.5% for 2019-20 and the subsequent year.

Growth in India is projected to advance 7.3% in FY 2018-19 (1 April 2018-31 March 2019) and 7.5% in FY 2019-20, reflecting robust private consumption and strengthening investment, the World Bank had said in its June 2018 edition of the Global Economic Prospect report.

Earlier, a report by British brokerage HSBC said that India is likely to overtake Japan and Germany to become the third largest economy in the next 10 years.

Its estimated show India will be a USD 7 trillion economy in 2028, as compared to less than USD 6 trillion and USD 5 trillion for Germany and Japan, respectively.

Last year, London-based Centre for Economics and Business Research (CEBR) had predicted that India would become world's fifth largest economy surpassing France and the UK by the end of 2018.

India climbs 24 spots in global innovation ranking since Modi's arrival in 2014-15; check the top 10

In a boost to Modi government, India jumped three places to reach 57th spot on the Global Innovation Index (GII) rankings. India ranked 105th on IT access and 110th on IT use.

In a boost to Modi government, India jumped three places to reach 57th spot on the Global Innovation Index (GII) rankings. However, India still lags in ease of starting a business, political stability and safety, and female employees with advanced degrees in the workforce. But, what comes as a good news is that India has maintained the position as the top exporter of IT services globally. India ranked at 60th position in 2017 on GII rankings. In 2014-15, India was ranked 81st.

China broke into the world's top 20 most-innovative economies as Switzerland retained its number-one spot in the index. Rounding out the GII 2018 top 10 are: the Netherlands, Sweden, the UK, Singapore, the US, Finland, Denmark, Germany and Ireland. China's ranks at number 17the on the list.

The Global Innovation Index (GII) rankings, published annually by Cornell University, INSEAD and the UN World Intellectual Property Organisation (WIPO) and GII Knowledge Partners, ranked India at the 57th spot this year.

Top IT exporter
India ranked 105th on IT access and 110th on IT use. Despite being the top IT exporter, the use and access of information and communication technologies within the country is poor, the report says.
Middle income economies

India has moved up to the fifth position in the GII rankings, among lower middle-income economies.

Productivity growth
On a number of important indicators including productivity growth and exports of ICT and services, India ranks well.

GDP per capita
India has also outperformed on innovation relative to its GDP per capita for eight years in a row.

Other areas
The other areas of strength for India include the number of its science and engineering graduates, an area in which it ranked sixth overall. It ranked fourth on ease of protecting minority investors, 16th on trade, competition and market scale and within this section, third on domestic market scale measured in purchasing power parity, 18th on the global R&D companies indicator, 20th on gross capital formation and 35th overall in investment.

India Inc sealed deals worth a record $98 billion this year
Indian companies have been involved in deals worth a record $97.6 billion this year. Top banker JPMorgan Chase & Co. is predicting more offshore interest in the nation, particularly in technology, media and telecom.

Walmart Inc.'s $16 billion acquisition of a majority stake in Indian e-commerce company Flipkart Online Services Pvt. Ltd. -- a deal JPMorgan advised -- has been the biggest so far, pushing the total past a previous annual peak of $92.3 billion, according to data compiled by Bloomberg. India's bankruptcy process has also spurred activity with more than $26 billion in distressed steel assets coming on the block, while a price war in telecom forced consolidation.

"This year, if there is one stand-out product it is really M&A," said Kalpana Morparia, the chief executive officer for South and South East Asia at JPMorgan, which climbed to the top spot in India for the first time in at least a decade. "We are seeing some great examples of inbound M&A and a fair amount of domestic consolidation, largely spurred by the bankruptcy process."

Overseas buyers from Walmart to France's Schneider Electric SE have made multi-billion-dollar bets in India to tap into the promise of rising consumption by an increasingly interconnected middle class. The nation's focus on improving infrastructure and cleaning up $210 billion of soured loans in the banking system has also helped investors brush aside concerns about the economic fall out of a global trade war and rising crude-oil prices.

Already there are more billion-dollar deals being weighed, as U.K. pharmaceutical giant GlaxoSmithKline Plc examines selling its stake in its local consumer health subsidiary, worth about $3.1 billion, and Kraft Heinz Co. considers the sale of its children's milk drink brand Complan in India, which may fetch about $1 billion.

Technology, media and telecom along with financial services will probably remain the most active sectors for inbound deal-making this year and next, JPMorgan's Morparia said in an interview.

"Both play on the core macro and micro themes around consumption and digitization of India and we are still at early stages of evolution of these themes," she said. "The power of data will play a critical role for India in the next two-to-five years."

JPMorgan headed the league table with a 42 percent share of deals struck, climbing from 10th place in 2017. It was followed by Goldman Sachs Group Inc. and Citigroup Inc, while Arpwood Capital Pvt. was the highest-ranked local banker in 10th position.

The role played by financial sponsors such as private equity firms and pension funds in the Indian deal space is increasing -- both in terms of selling some investments as well as tying up with local companies to bid for assets on sale through the bankruptcy process. These are not just traditional private-equity funds, which have been in India for the last 20 years, but include longer-term pension funds, said Morparia, who is the senior-most woman banker in South Asia with more than 43 years of experience in the sector.

Government to unveil key policy in August to make India defence manufacturing hub

The government is likely to unveil a major policy in August outlining a roadmap to build a robust defence production industry and make India one of the top five manufacturers of military equipment and platforms in the next 10 years.

Official sources said the final touches are being given to the policy before it is being placed before the Union Cabinet for approval.

They said a significant focus of the defence production policy (DPP-2018) will be to invest adequate resources to develop critical technology for manufacturing state-of-the-art military platforms including fighter jets, attack helicopters and weaponry indigenously. The DPP-2018 is likely to be released next month, the sources said.

According to the draft policy, the government is looking at achieving a turnover of Rs 1,70,000 crore in military goods and services by 2025.

A Swedish think tank, in a report in March, said India remained the largest importer of military hardware in the world in the last five years, adding Indian imports of major weapons rose by 111 per cent in the last five years compared to 2004-08.

Officials said the aim of the DPP would be to indigenously develop all major platforms which are being imported since in the last six decades.

According to official figure, India inked 187 contracts worth Rs 2.40 lakh crore with foreign and domestic firms for various military equipment and weapons in the last four years. However, majority of the projects are yet to take off due to procedural delays.

Officials said the DPP is also likely to simplify the procurement process by cutting several layers of approval which often cause delays. They said the policy aims to make India one of the top five manufacturers of defence platforms with active participation of public and private sectors.

The draft policy released in March listed as major objective export of Rs 35,000 crore in military equipment and services by 2025.

The government identified 12 military platforms and weapons systems for production in India to achieve the aim of “self-reliance”. They are fighter aircraft, medium lift and utility helicopters, warships, land combat vehicles, missile systems, gun systems, small arms, ammunition and explosives, surveillance systems, electronic warfare (EW) systems and night fighting enablers, among others.

According to the policy, the government aims to make one of the top five manufacturers of military equipment and platforms in the next 10 years as well as to fulfil demand of other friendly countries. The draft policy says the licensing process for defence industries will be liberalised and the list of items requiring licences will be reviewed and pruned.

Guidelines for implementation of strategic partnership model in defence manufacturing approved
The government on 30 July finally approved the implementation of guidelines for the defence Strategic Partnership model that incentivises domestic private as well as foreign firms in military manufacturing in the country. And the first project to kick off the long-delayed Strategic Partnership policy will be 111 utility twin-engine helicopters worth an estimated Rs 21,000 crore for the Indian Navy.

The decision to implement the policy was taken at a meeting of the Defence Acquisition Council -- the highest decision-making body on procurement. Defence Minister Nirmala Sitharaman led the meeting. "In continuation of its efforts to boost indigenous defence industry and to reduce timelines so as to ensure timely delivery of equipment to the Armed Forces, the DAC discussed and approved implementation guidelines for the Strategic Partnership Model," a defence ministry spokesperson said.

The model promulgated in May 2017 seeks to identify Indian private firms to be designated as Strategic Partners. Apart from allowing private manufacturers, it also keeps the door open for defence PSUs and the Ordnance Factory Board to tie up with foreign original equipment manufacturers to make big-ticket military hardware. In the initial phase, the selection of such partners would be confined to four segments: Fighter aircraft, helicopters, submarines, armoured fighting vehicles and main battle tanks. In each segment, only one partner would generally be selected, according to the policy.

The model aims to revitalize the defence industrial ecosystem and progressively build indigenous capabilities in the private sector to design, develop and manufacture complex weapon systems for the future needs of the Armed Forces. "The amplifying guidelines lay emphasis on incentivisation of transfer of niche technology and higher indigenous content. "Global majors, who in collaboration with Indian partners are ready to make India a regional and global manufacturing hub for the platform will also be incentivised." The spokesperson said the move would give a "major fillip towards encouraging self-reliance and aligning the defence sector with the "Make in India" initiative of Prime Minister Narendra Modi.

In an endeavour to convert policy into implementable directions and to kick off the process, the council also approved platform specific guidelines for the procurement of 111 naval utility helicopters. That ends the Indian Navy's hunt for a replacement to its ageing fleet of single-engine Chetak helicopters operating from warship decks.

According to defence sources, 16 helicopters would be procured in fly away condition from a foreign vendor and the remaining 95 will be built in India by an Indian partner through joint ventures and technology transfers. "All procurements under the SP model would be executed by specially constituted Empowered Project Committees (EPC) to provide focussed attention and ensure timely execution," the spokesperson said. The DAC also approved the acquisition of eight fast patrol vessels for the Indian Coast Guard under the "Buy Indian Designed, Developed and Manufactured" category at an approximate cost of Rs 800 crore. "These vessels will be indigenously designed and manufactured and will strengthen maritime security by undertaking day-night patrolling and policing of the maritime zones of India," the spokesperson said. The vessels will be key to the Coast Guard's anti-terrorist, anti-smuggling operations and will also boost its search and rescue, medical evacuation and disaster relief capabilities

LN Mittal, Sajjan Jindal have made a mark in Europe; now Chandra's positioned Tatas for a lead role

With India emerging as an auto manufacturing hub, this technology can be very useful for Indian steelmakers, given the new norms in auto manufacturing.

Indians appear to be at the vanguard of driving the steel consolidation in Europe. Through the Thyssenkrupp deal, the Tatas are the latest to leave their imprint on the industry in the continent where LN Mittal, Sajjan Jindal, and Liberty House’s Sanjeev Gupta have previously shopped for giant mills making the primary infrastructure alloy.

ArcelorMittal previously acquired the 10-million tonne Ilva, a troubled Italian steelmaker. In May this year, Jindal acquired the 2-MTPA Aferpi, Italy’s second largest steelmaker, with plans to make it bigger. Gupta of Liberty House has also been making acquisitions in France and in the UK. With tariff walls being raised, steelmakers are trying to scale these duty structures by buying into advanced markets in Europe, driven by their improved understanding of the steel market over the past decade.

June has been a good month for Indians buying into Europe’s steel industry. It was in June 2006 that Lakshmi Mittal acquired Luxembourg-based Arcelor in a $33-billion deal. Combining it with Mittal Steel, it went on to become the world’s largest steel company, ArcelorMittal. It is exactly 12 years later that Tata Steel forged a 50:50 joint venture with Thyssenkrupp AG of Germany. Two of Europe’s largest steel companies now have Indian owners and are under desi control.

“This is a very positive step for Indian entrepreneurship. Indian steel entrepreneurs have acquired the required competence and expertise to run global businesses. Steel is a global commodity and in this business, India is now the second largest producer. They have matured and they now have the confidence to deal in the global arena,” Anjani Agrawal, global steel leader, E&Y said. Corporate watchers say globally there are mainly two buyers of industrial assets, the Indians or the Chinese. And, it is the Indians who are moving quickly ahead of the Chinese to acquire steel assets in Europe.

“Any large player would be aware and evaluate options for growth, which include opportunities in India and also elsewhere in the world in the form of stressed assets,” Agrawal added. He cited the example of LN Mittal, who was among the first to display Indian entrepreneurial skills in turning around struggling steel businesses globally. With Ilva, Mittal has proved that his appetite for good assets remains the same.

Industry experts believe Indians are ideally placed to ride the current wave of consolidation sweeping across Europe's steel industry. Elsewhere in the world, the Chinese are cutting down production by closing polluting old mills, while the US steel industry has been grappling with low productivity and production cuts. The US has only recently started looking at revamping and adding new facilities, which includes an investment of $1 billion in two units in the US from JSW Steel: The investments even prompted a tweet from US president Trump.

It is also linked to a fundamental change in the cost structure of the steel industry. "Steel is no longer a local industry like it used to be even a decade back. It is now a globally competitive industry," said Tridibesh Mukherjee, former deputy MD of Tata Steel. The cost dynamics in the industry have undergone a complete change since 2008 when raw materials accounted for 30% of cost in 2008 with internal costs having a 70% share. Now, raw materials take up 70% of production costs while internal costs account for less than 30%. And, there is little room to play around with the 30% share. This is prompting Indians to look at Europe as a manufacturing base.

"Take Jaguar-Land Rover, for instance. Indians have shown remarkable entrepreneurial skills in manufacturing, unlike the Chinese who have focused on achieving number one status in manufacturing at home," he added. Investing in Europe makes sense for Indians who remain net exporters of steel since demand has not grown in step with capacity. "With trade barriers and tariff walls coming up in Europe and elsewhere there is need to protect the market. This can only be done by investing internally," said Malay Mukherjee, one of the key lieutenants who helped build LN Mittal's global steel empire.

"So large Indian steelmakers are now buying into these export markets." Also, buying into brownfield European steel assets is considerably less expensive compared to putting up a green-field steel plant in India due to delays in land acquisition and approvals. "If a 2-million tonne plant can be bought at $50 million, a similar size capacity would require an investment of nearly $2 billion in India without counting the delays," Malay Mukherjee said. The other advantage is access to technology and advanced products like high-tensile steels in consumer sectors like automobiles.

With India emerging as an auto manufacturing hub, this technology can be very useful for Indian steelmakers, given the new norms in auto manufacturing. Thyssenkrupp's value added steels portfolio is among the best in grade particularly in automotives, and is preferred by nationalistic German automakers like Mercedes and BMW. A lot of that learning will eventually come to India. After all, as Tridibesh Mukherjee pointed out: "A merger is not about the hardware alone. It is also about the people and the software."

European Commission - Press release

Security Union: Commission welcomes the European Parliament's adoption of the European Travel Information and Authorisation System (ETIAS) and a stronger eu-LISA Agency

Strasbourg, 5 July 2018

Today, the European Parliament has given its final agreement to establish the European Travel Information and Authorisation System (ETIAS) and to strengthen the mandate of eu-LISA, the EU Agency for the operational management of large scale IT systems in the area of freedom, security and justice.

The legislative proposals for ETIAS and eu-LISA, put forward by the Commission in November 2016 and June 2017 respectively, were identified as political priorities under the Joint Declaration on the EU's legislative priorities for 2018-2019. Commissioner for Migration, Home Affairs and Citizenship Dimitris Avramopoulos and Commissioner for the Security Union Julian King welcomed today's adoption.

Commissioner Avramopoulos said: "At the beginning of this Commission we committed to deliver a Europe that protects – and today, we take one more, important step towards this goal. A stronger eu-LISA will be the nerve centre of our information systems for borders, migration and security, and the new ETIAS will ensure that we no longer have an information gap on visa-free travellers. Anyone who poses a migratory or security risk will be identified before they even travel to EU borders, while the travel of bona fide travellers will be facilitated. I want to thank both rapporteurs for their leadership and commitment to building a safer Union for our citizens"

Commissioner King said: "Our police officers and border guards need to have the right tools to do their jobs – keeping our citizens safe and our borders secure. ETIAS will pre-screen visa-free visitors for potential security problems, while the reinforced eu-LISA will allow us to continue to modernise EU-wide information systems for law enforcement and border management."

The ETIAS authorisation is not a visa. Once operational, it will carry out pre-travel screening for security and migration risks of travellers benefiting from visa-free access to the Schengen area. When arriving at the EU borders travellers will need to have both a valid travel document and an ETIAS authorisation.

Affordable, simple and fast: All visa-free travellers will need to request ETIAS authorisation prior to their visit to the Schengen area. Completing the online application should not take more than 10 minutes with automatic approval being given in over 95% of cases. Travellers will have to pay a one-off €7 fee (for travellers between 18 and 70 years old) and the authorisation issued will be valid for three years.

Cross-checking of EU information systems: ETIAS will cross-check data provided by visa-exempt travellers against the EU information systems for borders, security and migration, including the Schengen Information System (SIS), the Visa Information System (VIS), Eurodac, Europol and Interpol databases. If the cross-checked data matches with the EU databases, the application will be then manually verified by the ETIAS Central Unit managed by the European Border and Coast Guard Agency.

Clear rules for refusals: In cases where authorisation is refused, the relevant national authority will have to inform the applicant about the decision or seek additional information within 96 hours. If additional information is provided, the national authority must then take a decision within four weeks of the initial application date. In case of refusal, applicants always have the right to appeal.

The upgrade of eu-LISA, the EU Agency for the operational management of large scale IT systems in the area of freedom, security and justice, will give the Agency the capacity and tools it needs to provide centralised operational management of EU information systems for migration, security and border management.

Developing new systems: The strengthened eu-LISA will have a vital role to play in developing and maintaining new EU information systems for migration, security and border management, notably: the Entry Exit System (EES) and the European Travel Information and Authorisation System (ETIAS).

Upgrading existing systems: The Agency will also be in a better position to maintain and upgrade existing systems, such as the Schengen Information System (SIS), the Visa Information System (VIS) and Eurodac, for which it is already responsible.

Ensuring interoperability: The reinforced Agency will be in charge of rolling out technical solutions to make sure these EU information systems interact efficiently and are readily accessible to police and border guards on the ground.

Next steps

Both approved texts will now have to be finally adopted by the Council. The President of the European Parliament and the rotating Presidency of the Council will then sign the texts into law.

Following their publication in the Official Journal of the European Union (EUR-Lex), the regulations will enter into force 20 days later, which will enable eu-LISA to start building the European Travel Information and Authorisation System (ETIAS) and make these new information systems operational by the end of 2021.

Background

In his 2016 State of the Union address, President Juncker highlighted the importance of overcoming the current shortcomings in data management and of improving the interoperability of existing information systems. He also announced that the Commission would propose the creation of a European Travel Information and Authorisation System – an automated system that would conduct prior security and irregular migration checks, in full respect of fundamental rights and personal data protection, and issue authorisations to visa-exempt travellers for the purpose of travelling to the Schengen Area.

To this end, the Commission put forward the legislative proposals to establish the European Travel Information and Authorisation System (ETIAS) in November 2016 and to strengthen the mandate of eu-LISA, the EU Agency for the operational management of large scale IT systems in the area of freedom, security and justice in June 2017. Both files were identified as political priorities under the Joint Declaration for 2018-2019.

Today's vote in the Plenary adopts the texts of the political agreements found in trilogues between the European Parliament and the Council. The political agreement on ETIAS was reached on 25 April and on eu-LISA on 24 May, the Commission statements for both files are available online.

For More Information

Questions & Answers: Security Union: A European Travel Information and Authorisation System

Factsheet: European Travel Information and Authorisation System

Statement: Security Union: Commission welcomes political agreement on the European Travel Information and Authorisation System (ETIAS) for a stronger and more secure Union

Statement: Security Union: A stronger EU Agency for the management of information systems for security and borders

Press release: Security Union: Commission proposes a European Travel Information and Authorisation System

Press release: Security Union: Commission delivers on interoperability of EU information systems

Factsheet: Security Union: Closing the information gap

http://europa.eu/rapid/press-release_IP-18-4367_en.htm
