



India gets \$42 billion FDI inflows in 2018: UN report

The UN trade report said the prospects for FDI inflows into South Asia are largely determined by expectations of growing investment into India. In India, the growth in cross-border merger and acquisitions grew to USD 33 billion in 2018 from USD 23 billion a year ago, primarily due to transactions in retail trade (USD 16 billion), which includes e-commerce and telecommunication (USD 13 billion).

India received foreign direct investments worth USD 42 billion in 2018, helped by robust inflows in manufacturing, communication and financial services, a United Nations trade report said Wednesday. In South Asia, FDI inflows increased by 3.5 per cent to USD 54 billion, said the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2019. So, India attracted over 77 per cent of the total foreign direct investments that came to the South Asian region.

“Investment in India – the subregion’s largest recipient – rose by 6 per cent to USD 42 billion with strong inflows in manufacturing, communication, financial services and cross-border merger and acquisition activities,” said the report.

The UN trade report said the prospects for FDI inflows into South Asia are largely determined by expectations of growing investment into India. In India, the growth in cross-border merger and acquisitions (M&As) grew to USD 33 billion in 2018 from USD 23 billion a year ago, primarily due to transactions in retail trade (USD 16 billion), which includes e-commerce and telecommunication (USD 13 billion).

The acquisition of India’s biggest e-commerce platform Flipkart by Walmart was a notable mega-deal, along with the telecommunications deals by Vodafone of the UK and American Tower (US) amounting to USD 2 billion. Among others in the South Asian region, FDI flows to Bangladesh and Sri Lanka rose to a record level, to USD 3.6 billion and USD 1.6 billion, respectively, while Pakistan witnessed a 27 per cent decline in investment to USD 2.4 billion.

FDI inflows in developing countries in Asia registered a rise of 3.9 per cent to USD 512 billion during the last calendar, the report said.

Many countries adopted policy measures to promote and facilitate investment with India amending the model concession agreement on public-private partnerships in the port sector, UNCTAD said, adding the country liberalised rules on inward investment in several industries, including single-brand retail trading, airlines and power exchanges.

The report also highlighted that of the 5,400 special economic zones (SEZs) in the world, more than 4,000 are in developing countries in Asia. In the developing countries in Asia, China topped the list at 2,543 such zones, followed by Philippines (528), India (373) Turkey (102), Thailand (74) Korea (47), Malaysia (45) among others.

South East Asian countries together host more than 700. South Asia hosts upward of 450 zones and West Asia's tally surpasses 200, UNCTAD said. China's continued policy experiment in large-area zones, investment facilitation measures and relaxation of foreign ownership in sectors such as finance and healthcare in pilot free trade zones are expected to draw future investments, the report said.

"India, the Republic of Korea, the Philippines, and Turkey are focusing on information and technology zones, while West Asia favours services and most of South-East Asia seeks to attract different types of manufacturing."

Development of new SEZs also drives greenfield investment activities, particularly in the construction of industrial establishments and power generation such as the construction of zones in Indonesia, Thailand and Viet Nam, it said further. "The number of SEZs in South Asia is set to increase substantially in the coming years. India has over 200 new zones in the pipeline, although growth may lose momentum now that permits for a substantial number of zones have been retracted."

In Bangladesh, a further 60 SEZs are in the approval process. Pakistan is planning another 39 SEZs, in addition to its existing seven. Nepal, which has two zones, one of which is under construction, has plans to create 12 more, the report said.

(Financial Express, 13/6/2019)

World Bank retains India's growth rate for FY19-20 at 7.5 per cent

The Bank in its Global Economic Prospects released Tuesday said that India is estimated to have grown 7.2 per cent in fiscal year 2018/19, which ended March 31.

India is projected to grow at 7.5 per cent in the next three years supported by robust investment and private consumption, the World Bank has said.

A slowdown in government consumption was offset by solid investment, which benefitted from public infrastructure spending.

As against a growth rate of 6.6 per cent in 2018, China's growth rate in 2019 is projected to be dropped to 6.2 per cent and then subsequently to 6.1 per cent in 2020 and 6 per cent in 2021, the bank said.

With this India will continue to retain the position of being the fastest growing emerging economy. And by 2021, its growth rate is projected to be 1.5 per cent more than China's 6 per cent.

According to the World Bank, growth in India is projected at 7.5 per cent in Fiscal Year 2019/20 (April 1, 2019 to March 31, 2020), unchanged from the previous forecast, and to stay at this pace through the next two fiscal years.

"Private consumption and investment will benefit from strengthening credit growth amid more accommodative monetary policy, with inflation having fallen below the Reserve Bank of India's target," it said.

Support from delays in planned fiscal consolidation at the central level should partially offset the effects of political uncertainty around elections in FY2018/19, it said.

The World Bank said that India's urban consumption was supported by a pickup in credit growth, whereas rural consumption was hindered by soft agricultural prices.

On the production side, robust growth was broad-based, with a slight moderation in services and agricultural activity accompanied by an acceleration in the industrial sector. Weakening agricultural production reflected subdued harvest in major crops on the back of less rainfalls, it said.

Services activity softened mainly due to slowing trade, hotel, transport, and communication activity. The industrial sector benefited from strong manufacturing and construction with solid demand for capital goods. The slowing momentum in economic activity in late 2018 carried into the first quarter of 2019, as suggested by softening services and manufacturing Purchasing Managers' Indexes, the report said.

Observing that the new Goods and Services Tax regime is still in the process of being fully established, creating some uncertainty about the projections of government revenues, the report said fiscal deficits continue to exceed official targets in some countries -- India, Pakistan.

Pakistan's growth, on the other hand, is expected to slow further to 2.7 per cent in FY2019/20, which begins July 16, as domestic demand remains depressed and as current account and fiscal deficits diminish only gradually.

(Press Trust of India, 4/6/2019)

India to become 5th largest economy globally this year; 2nd in APAC region by 2025

India is forecast to overtake the UK to become the world's fifth largest economy this year and projected to surpass Japan to feature at the second position in the Asia-Pacific region by 2025, IHS Markit said Monday.

India is forecast to become the world's fifth largest economy in 2019, reaching a total GDP size exceeding USD 3 trillion, and overtaking its former colonial ruler, the United Kingdom, IHS Markit said. India is forecast to overtake the UK to become the world's fifth largest economy this year and projected to surpass Japan to feature at the second position in the Asia-Pacific region by 2025, IHS Markit said Monday. In a report on Prime Minister Narendra Modi and his BJP party's victory in the national elections, it said the economic outlook "looks positive" for the second term of Modi government, with GDP growth forecast to average around 7 per cent per year over the 2019-2023 period.

"India is forecast to become the world's fifth largest economy in 2019, reaching a total GDP size exceeding USD 3 trillion, and overtaking its former colonial ruler, the United Kingdom. By 2025, Indian GDP is also forecast to surpass Japan, which will make India the second-largest economy in the Asia-Pacific region," it said.

As India continues to ascend in the rankings of the world's largest economies, its contribution to global GDP growth momentum will also increase. India will also play an increasingly important role as one of the Asia-Pacific region's major economic growth engines, helping to drive Asian regional trade and investment flows.

In Modi's second term of office, India will continue to confront significant economic challenges. "A key policy priority for the Indian government will be to continue to drive reforms in the public sector banks and reduce the burden of non-performing (or bad) loans on their balance sheets," IHS said.

While manufacturing sector's share in the GDP is still at 18 per cent against the target of 25 per cent, around 7.5 million persons are projected to join the Indian workforce per year on average over the next two decades.

This, IHS said, will create strong pressure on the Modi government to generate sustained rapid employment growth in both the manufacturing and services sectors in order to prevent rising unemployment and underemployment in the Indian labour force.

"Moreover, the increase in India's total population between 2015 and 2050 (by around 265 million) is projected at around 350 million persons, creating significant fiscal challenges for the government in order to deliver adequate physical infrastructure such as electricity, sanitation, affordable housing, and public transport," it said.

Continuing to drive the transformation of India's industrial sector through 'Make in India' strategy will also be a strategic priority, in order to improve manufacturing sector output growth and generate stronger employment growth, it said. "When PM Modi launched the Make in India strategy in 2014, he set a target of increasing the contribution of manufacturing to GDP to 25 per cent. However, by 2018, the manufacturing sector share of GDP is still at 18 per cent, which still leaves a substantial gap to bridge in order to achieve this vision."

Despite significant achievements in infrastructure development during Modi's first term, rapid infrastructure development in key sectors such as transport and power infrastructure remain important priorities, as well as reducing the regulatory burden of government red tape.

India was ranked 77 out of 190 countries that are included on the World Bank's Ease of Doing Business Index for 2019.

"However, although India still lags behind other large emerging markets such as Turkey (43rd), China (46th) and Mexico (54th) on this ranking, India has made remarkable progress in improving its ranking compared with its ranking at 142nd out of 189 countries in the Ease of Doing Business ranking for 2015, which reflected a survey undertaken during the last year of the UPA Congress-led coalition government.

"This reflects the considerable efforts made during PM Modi's first term of office to try to reduce the regulatory burden of the Indian national and state bureaucracies on Indian businesses," IHS said.

IHS said the extent of BJP's electoral victory was "well beyond market expectations".

"The resounding victory in the Indian national elections of the BJP Party led by Prime Minister Modi, with another large parliamentary majority, will provide continuity of economic policy for India over the next five years. The large parliamentary majority secured by the BJP has avoided the key risk of a weak and fragmented coalition government governing the nation, which could have undermined momentum for further economic reforms," said IHS Markit's Asia-Pacific Chief Economist Rajiv Biswas.

Stating that Modi and the BJP have achieved steady and robust macroeconomic growth over the past five years, it said the election results signal a strong vote of confidence from the electorate in the party's economic track record in governing the nation.

Since Prime Minister Modi took office in 2014, Indian GDP has increased by 50 per cent, from USD 2 trillion in 2014 to an estimated USD 3 trillion in 2019, a total net increase of USD 1 trillion in GDP in just five years.

“The BJP government benefited from the slump in world oil prices during 2014-16, which helped to significantly reduce inflation pressures in India. Falling oil prices also substantially reduced India’s oil import bill, which helped to lower the current account deficit as share of GDP significantly,” it said.

A major economic policy reform achieved under Modi’s first term of office was the implementation of the Goods and Services Tax (GST) in 2017 to create a unified single indirect taxation system in India, removing the complex previous system of different state-based indirect taxes which had created significant inefficiencies, such as higher logistics costs, for firms distributing products across state boundaries.

The GST will help to reduce logistics costs as well as improving industrial competitiveness for industries.

“Nevertheless, India has also faced its fair share of economic challenges during PM Modi’s first term of office, including bad debt problems of the public sector banks as well as economic turbulence during the demonetization episode in 2016,” it said adding overall the BJP has provided a steady hand at the helm of government, delivering five consecutive years of economic stability, with strong growth and moderate inflation.

(Financial Express,3/6/2019)

India's FY19 GDP growth falls to 6.8 per cent

Economic growth in India, estimated in terms of gross domestic product (GDP) hit a low of 5.8 per cent in the January-March quarter of the 2018-19 financial year, pulling down overall growth rate for the 2018-19 financial year to 6.8 per cent.

The Q4 GDP growth rate is the slowest in the past 17 quarters, and is seen falling behind China’s growth rate for the first time in nearly two years, provisional data released by the National Statistical Office (NSO) today showed.

In fact the country’s GDPP growth has steadily declined from 8.0 per cent in Q1 to 7.0 per cent in Q2, to 6.6 per cent in Q3 and further to 5.8 per cent in the fourth quarter of the 2018-19 financial year.

The country’s GDP at constant (2011-12) prices in Q4 of 2018-19 is estimated to have grown at 5.8 per cent to Rs37,20,000 crore in Q4 of fiscal 2018-19 against Rs35,15,000 crore in Q4 of 2017-18.

Gross value added (GVA) at basic prices at constant (2011-12) prices in Q4 of 2018-19 is estimated at Rs33,06,000 crore, against Rs31,27,000 crore in Q4 of 2017-18, showing a growth rate of 5.7 per cent year-on-year.

GDP growth rate has been dented by a 0.1 per cent decline in agriculture production, forestry and fishing. Output in the ‘mining and quarrying’ sector stood at 4.2 per cent, ‘manufacturing’ at 3.1 per cent, ‘electricity, gas, water supply and other utility services’ (4.3 per cent) ‘construction’ (7.1 per cent), ‘trade, hotels, transport and communication’ (6.0 per cent), ‘financial, real estate and professional services’ (9.5 per cent), and ‘public administration, defence and other services’ (10.7 per cent).

India's real GDP or GDP at constant (2011-12) prices for the financial year 2018-19 is now estimated at have expanded at a slower pace of 6.8 per cent to Rs140,78,000 crore compared with the GDP (first revised) estimates of Rs131,80,000 crore for the 2017-18 financial year.

Real gross value added (GVA) ie, GVA at basic constant (2011-12) prices for the year 2018-19 is now estimated to have expanded at 6.6 per cent to Rs129,07,000 crore over the first revised estimates of GVA for the year 2017-18 of Rs121,04,000 crore, released on 31 January 2019.

The sectors which registered growth rate of over 7.0 per cent are 'public administration, defence and other services' (8.6 per cent), construction (8.7 per cent), 'financial, real estate and professional services' (7.4 per cent), 'electricity, gas, water supply and other utility services (7.0 per cent)'.

Growth rate in the 'agriculture, forestry and fishing', 'mining & quarrying', 'manufacturing' and 'trade, hotels, transport, communication and services related to broadcasting' is estimated to be 2.9 per cent, 1.3 per cent, 6.9 per cent and 6.9 per cent, respectively.

Gross National Income (GNI) of the country at constant 2011-12 prices is now estimated at Rs139,32,000 crore during 2018-19, against the previous year's estimate of Rs130,34,000 crore. In terms of growth rates, the Gross National Income is estimated to have risen by 6.9 per cent during 2018-19, in comparison to the growth rate of 7.2 per cent in 2017-18.

Per capita income in real terms (at 2011-12 prices) during 2018-19 is estimated to have reached a level of Rs92,565 compared to Rs87,623 during the 2017-18 fiscal. The growth rate in per capita income is estimated at 5.6 per cent during 2018-19, against 5.7 per cent in the previous year.

GDP at current prices for the year 2018-19 is estimated at Rs190,10,000 crore, showing a growth rate of 11.2 per cent over the first revised estimates of GDP for the year 2017-18 of Rs170,95,000 crore.

Gross national income (GNI) at current prices is estimated at Rs188,17,000 crore during 2018-19, against Rs169,10,000 crore during 2017-18, showing a rise of 11.3 per cent.

Per capita income at current prices during 2018-19 is estimated to have attained a level of Rs1,26,406 compared with the estimates for the year 2017-18 of Rs1,14,958, showing a rise of 10.0 per cent.

Donald Trump and Narendra Modi's lavish farm payouts prompt questions at WTO

Massive farm-support plans in the United States and India are being scrutinised by other WTO members.

Massive farm-support plans in the United States and India are being scrutinised by other World Trade Organization members, questions submitted to the WTO's quarterly agriculture committee meeting showed on Monday.

The WTO has strict rules about the size and nature of payments, and member governments keep a close watch for any competitors who might be cheating. Their questions -- 62 pages for the June 25-26 meeting -- can range from requests for clarification to outright allegations of illegal handouts.

U.S. President Donald Trump and Indian Prime Minister Narendra Modi have both made boosting farm incomes a priority. Trump is trying to offset domestic damage from a tariff war with China; Modi faces a slowdown in India's agriculture-dominated economy.

The European Union asked India to explain how Modi proposed to spend 25 trillion rupees (\$357.5 billion) on agriculture and rural development, doubling farmers' incomes by 2022 as part of a 100 trillion-rupee, five-year infrastructure splurge.

"How will this be done, taking into account global market prices of produce and measures put in place to prevent excess production?" the EU asked.

The United States queried India's 5% export subsidy for non-Basmati rice and its growing state buying of wheat at rising prices, despite back-to-back record harvests, noting that it was on track for a record wheat stockpile.

The United States and Australia also wanted details of India's new "transport and marketing assistance" for agriculture, which Australia said was an export subsidy that should be phased out.

The United States faced questions from Australia, Canada, China, the EU, India, New Zealand and Ukraine about Trump's \$16 billion "market facilitation package", the second payout under a programme that had been described as a one-off.

China said the package appeared likely to breach the allowed "product specific" ceiling of 5% of the value of production.

The EU also queried a \$19 billion disaster bill approved by Congress this month, saying it would let the U.S. Department of Agriculture boost "the prevented planting payment factor on crop insurance to 90% instead of 55% for corn and 60% for soybeans".

India criticised the U.S. 2018 Farm Bill, saying it benefited not only farmers, but also their first cousins, nieces and nephews, with children and spouses qualifying for \$125,000 of payments.

Among other questions, Canada and Australia asked about the impact of Brexit, and the United States was concerned Pakistan's wheat subsidies were creating "huge surpluses" and said China appeared to be exporting state-owned rice below cost.

(Economic Times, 18/6/2019)

How will Modi double farmers' income: European Union to India

The European Union has questioned Prime Minister Narendra Modi's ambitious plan to double farmers' income by 2022, according to a report of Reuters.

"How will this be done, taking into account global market prices of produce and measures put in place to prevent excess production?" the EU asked.

This comes amid reports that the World Trade Organization is scrutinising India and the United States' massive farm-support plans. The WTO has strict rules about the size and nature of payments, and member governments keep a close watch for any competitors who might be cheating.

In 2016, the first Modi government had set a formidable target to double farmers' income by 2022.

The farm stress was a major issue in the run up to 2019 Lok Sabha elections which forced the earlier Modi government to announce PM-KISAN scheme under which it is offering Rs 6,000 to 14.5 crore farmers in a year.

However, the Modi government resisted from announcing farm loan waivers and instead focused on reforms such as the Pradhan Mantri Fasal Bima Yojana.

Reuters Input

UK Falling Behind In Global Race To Engage With A Rising India: Report

The UK is falling behind in the global race to engage with India as it has failed to adjust its strategy to fit India's enhanced influence and power on the world stage, a new British parliamentary inquiry report concluded on Monday.

The report "Building Bridges: Reawakening UK-India ties", released to coincide with the first-ever India Day in the Houses of Parliament to mark the launch of UK-India Week 2019, called for a reset of ties through better visa and immigration policies for Indian tourists, students and professionals as it accuses the UK government of missing opportunities in the bilateral relationship.

"The UK is falling behind in the global race to engage with a rising India...The story of the UK's recent relationship with India is primarily one of missed opportunities," the report said.

"There are certain practical steps the government must take to reset its relationship with India, in particular making it easier for Indians to visit the UK and to work or study here," it noted.

On the issue of visas, it expressed concern that India seems to face tougher norms than a non-democratic country like China.

"There is no excuse for the migration policies that have led the UK to lose ground in attracting Indian students and tourists - who not only contribute to our economy but build lasting bilateral ties.

"The FCO (Foreign and Commonwealth Office) should ensure that the goal of improving the overall relationship with India is woven into the broader government migration policy. Something has gone wrong, if it is more difficult for citizens of a strategically important democracy that shares our values, language and history to visit or study in the UK than those of an autocracy such as China."

While the inquiry acknowledged that in all fundamental respects the UK is well placed to capitalise on a mutually beneficial relationship with India, it warned that the relationship between the two democracies is not fulfilling its potential because the right message is not going out to New Delhi.

"As the UK prepares to leave the EU, it is time to reset this relationship. We cannot afford to be complacent or rely on historical connections to deliver a modern partnership," it said.

The report follows the year-long "Global Britain and India" inquiry, launched by the House of Commons' cross-party Foreign Affairs Committee (FAC) in July last year to explore the India-UK relationship in the context of Britain's impending exit from the European Union (EU).

Through a series of oral and written submissions from a diverse range of organisations and individuals working within the UK-India corridor, the influential parliamentary committee concluded that the UK must prioritise talks with India and do more to lay the groundwork for an eventual free trade agreement.

The Indian Ocean is identified as a vital arena for closer defence and security cooperation between the two countries.

"The FCO should take care to ensure that stronger economic ties with China are not at the expense of a deeper partnership with India," it warned.

Tom Tugendhat, Conservative Party MP and Chair of the FAC, raised the issue of the UK government's failure to formally apologise for the Jallianwala Bagh massacre during the British Raj in time for its 100th anniversary in April this year as an "important symbolic opportunity" which was missed.

He said: "As new powers challenge the structure of global trade and dispute resolution, we cannot miss the opportunity to partner with India. Trade, security, a shared commitment to the rules-based international system - these are all factors in our growing and evolving partnership.

"The government needs to make sure the UK is making its support for India clear, reawakening the ties between us and building bridges that are made to last."

The report's findings are expected to feature heavily during the course of UK-India Week, organised by UK-based media house India Inc, which includes a high-profile Leaders' Summit in Buckinghamshire, south-east England.

(NDTV, 24/6/2019)

BUSINESS INFO

India Maritime^{plus}

(Investment Facilitation Cell)

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1	<p>Cochin Port Trust invites Tenders for "Lease of 8 plots in W/Island for a period of 30 years on annual lease rental basis with payment of onetime non-refundable premium on tender-cum auction Method".</p> <p>Other details including Tender documents can be downloaded from the website http://cochinport.gov.in at url http://cochinport.gov.in/index.php?opt=tenders&cat=ct&id=1303.</p> <p>Last date for bid submission is 04.07.2019 up to 02.30 pm.</p>