Europe India Chamber of Commerce

Newsletter

Issue: 148 Volume: 15 **February 2021**

Union Budget 2021: Key highlights and takeaways from Nirmala Sitharaman's budget

Finance Minister Nirmala Sitharaman on Monday unveiled Union Budget 2021-22 that aims to shore up the Indian economy post coronavirus pandemic.

The Union Budget 2021-22 proposals rest on six pillars: Health and well-being, physical and financial capital and infrastructure, inclusive development for aspirational India reinvigorating human capital, innovation and R&D, minimum government and maximum governance.

The economy is projected to contract 7.7 per cent in the current fiscal year, although the government forecasts growth of 11 per cent for the coming fiscal year, after a massive COVID-19 vaccination drive and a rebound in consumer demand and investments.

However, after a steep drop in the first two quarters, the Indian economy is seen to be recovering with positive GDP growth in the last two quarters.

These are the highlights from Sitharaman's fiscal 2021-22 budget speech:

Deficit

* 2020/21 fiscal deficit seen at 9.5 per cent of GDP

* 2021/22 fiscal deficit seen at 6.8 per cent of GDP

* 2025/26 fiscal deficit target set at 4.5 per cent of GDP

Expenditure

* 2020/21 revised expenditure 4.39 trillion rupees ($60.14 billion)

* 2020/21 capital expenditure estimated at 5.54 trillion rupees ($75.90 billion)

* 2021/22 gross expenditure seen at 34.83 trillion rupees ($477.16 billion) in 2021/22

* To provide more than 2 trillion rupees ($27.40 billion) for states and autonomous bodies

Borrowing

* India says will need 800 billion rupees ($10.96 billion) in next two months from bond market

* 2021/22 gross market borrowing seen at 12 trillion rupees ($164.40 billion)

Healthcare

* India to allocate 2.2 trillion rupees ($30.20 billion) for healthcare in 2021/22

* Sitharaman says expect two or more COVID-19 vaccines soon

* India to launch new federal health scheme with outlay of around 641 billion rupees ($8.80 billion) over the next six years

* To allocate 350 billion rupees ($4.81 billion) for COVID-19 vaccines, and allocate more funds if needed.

Finance

* India to introduce bill for development financial institution with capital of 200 billion rupees ($2.74 billion)

* To infuse 200 billion rupees ($2.74 billion) for recapitalization of state-run banks in FY2022

* India to consolidate certain SEBI regulations for Securities Market Code

* To relax FDI cap for insurance sector to 74 per cent from 49 per cent

* Set up asset reconstruction company to take over toxic assets

* To cut money market requirement to 15 per cent from 25 per cent

* To allocate 15 billion rupees ($205.50 million) for scheme to incentivise use of digital payments

* India to incentivise incorporation of one-person companies

Taxation

* Proposes exemption to senior citizens for filing income tax returns

* Proposes changes in personal income taxes for non-resident Indian

* To set up dispute resolution panel for small taxpayers

Divestment

* India sets 2021/22 divestment target at 1.75 trillion rupees ($23.97 billion)

* India to divest two public sector banks and one general insurance company

* India to launch IPO of Life Insurance Corporation

* India to announce policy for privatisation of state-run companies

* To create new list of companies for divestment

* India to introduce new mechanism for privatisation of loss-running state-run companies

* To monetise surplus lands of public sector entities

Infrastructure

* To allocate 2.87 trillion rupees ($39.40 billion) for clean water supplies over the next five years

* To allocate 3 trillion rupees ($41.10 billion) for power sector for next five years

* To provide 10 billion rupees ($137.01 million)to Solar Energy Corporation of India

* Sitharaman says will move to end power distribution company monopolies

* To double ship recycling capacity by 2024

* India to monetise infrastructure assets

Transport

* Allocates 1.18 trillion rupees ($16.17 billion) for ministry of roads and highways

* Allocates 1.1 trillion rupees ($15.07 billion) for railways

* Railways to monetise freight corridors

* India to launch new vehicle scrapping policy

* Proposes tax holiday for aircraft leasing firms in India

Agriculture

* India allocates an estimated 1.7 trillion rupees ($23.29 billion) for paddy procurement

* Hikes enhanced agriculture credit target to 16.5 trillion indian rupees ($226.05 billion) in 2020/21

* To include loans for activities in allied sectors in agriculture

* To discontinue small savings fund loans to Food Corporation of India

Labour

* To launch database for gig economy, building and construction workers

* Social security benefits to be extended to gig economy workers

(WION News, 1/2/2021)

Explained: How Economic Survey has projected a growth of 11% in FY 2021-22

The Ministry's projections are in line with IMF estimates of real GDP growth of 11.5 per cent in 2021-22 for India and 6.8 per cent in 2022-23.

After an estimated 7.7 per cent contraction in 2020-21, the Finance Ministry’s Economic Survey projects that India’s real GDP would record a growth of 11 per cent in 2021-22. The nominal GDP growth has been estimated at 15.4 per cent, implying an assumption of 4.4 per cent inflation during the year.

On what basis has the 11 per cent growth projection been made?

One of the factors is the low base while calculating the year-on-year inflation rate, given the contraction this fiscal. The Survey noted that the "conservative estimates" of growth in FY22 "reflect upside potential that can manifest due to the continued normalisation in economic activities as the rollout of Covid-19 vaccines gathers traction". This will further be supported by a supply-side push from reforms and easing of regulations, push to infrastructural investments, boost to manufacturing sector through the Productivity Linked Incentive Schemes, recovery of pent-up demand for the services sector, increase in discretionary consumption subsequent to the roll-out of the vaccine and pick up in credit given adequate liquidity and low-interest rates, the survey noted

Why is this significant?

What is significant is that this path would entail a growth in real GDP by 2.4 per cent over the absolute level of 2019-20 – implying that the economy would take two years to reach and go past the pre-pandemic level.

Are these in line with other projections?

The Ministry's projections are in line with IMF estimates of real GDP growth of 11.5 per cent in 2021-22 for India and 6.8 per cent in 2022-23. India is expected to emerge as the fastest growing economy in the next two years as per IMF, the Survey has noted

Economic Survey 2021: Take a look at key highlights of survey

Economic Survey of India 2021: Following are the highlights of Economic Survey 2020-21, tabled in Parliament by Finance Minister Nirmala Sitharaman on Friday.

Economic Survey 2021 India: Following are the highlights of Economic Survey 2020-21, tabled in Parliament by Finance Minister Nirmala Sitharaman on Friday.

State of economy amidst once in a century crisis:

* Economic contraction projected at 7.7 pc in FY21

* 11 pc GDP growth projected in FY22, farm sector remains silver lining

* V-shaped recovery supported by COVID vaccination drive

* Rebound to be led by low base and continued normalization in economic activities as vaccine rollout gathers traction

* Govt consumption, net exports have cushioned growth from further diving down

* Exports to decline by 5.8 pc, imports by 11.3 pc in 2nd half of FY21

* India expected to have a Current Account Surplus of 2 pc of GDP this fiscal, a historic high after 17 years

* India's sovereign credit ratings do not reflect its fundamentals, India's willingness to pay is unquestionably demonstrated through its zero sovereign default history

* India's fiscal policy should reflect Gurudev Rabindranath Tagore's sentiment of 'a mind without fear'

Check latest updates on Economic Survey 2021 here:

Healthcare:

* India’s lockdown strategy prevented 37 lakh COVID-19 cases, 1 lakh deaths

* Survey recommends increase in public healthcare spending from 1 pc to 2.5-3 pc of GDP

* India’s health infrastructure must be agile to respond to pandemics – healthcare policy must not become beholden to ‘saliency bias’

* Telemedicine needs to be harnessed to the fullest by investing in internet connectivity and health infrastructure

Process reforms:

* India over-regulates the economy resulting in regulations being ineffective even with relatively good compliance with process

* The solution is to simplify regulations and invest in greater supervision which, by definition, implies greater discretion

* India’s business sector needs to significantly ramp up investments in R&D

* Survey suggests asset quality review exercise immediately after the forbearance is withdrawn

* Forbearance represents ’emergency medicine’ that should be discontinued at the first opportunity when the economy exhibits recovery, not a ‘staple diet’ that gets continued for years

* Legal infrastructure for the recovery of loans needs to be strengthened de facto

Fiscal Developments

* India adopted a calibrated approach best suited for a resilient recovery of its economy from COVID-19 pandemic impact, in contrast with a front-loaded large stimulus package adopted by many countries

* India remained a preferred investment destination with FDI pouring in amidst global asset shifts towards equities and prospects of quicker recovery in emerging economies

* Net FPI inflows recorded an all-time monthly high of USD 9.8 billion in November 2020, as investors’ risk appetite returned

* India only country among emerging markets to receive equity FII inflows in 2020

* India the fastest country to roll out 10 lakh vaccines in 6 days and also emerged as a leading supplier of the vaccine to neighbouring countries and Brazil

* India’s mature policy response provides important lessons for democracies to avoid myopic policy-making.

(Financial Express, 30/1/2021)

IMF projects impressive 11.5 per cent growth rate for India in 2021, China to grow by 8.1 per cent

The IMF has projected an impressive 11.5 per cent growth rate for India in 2021, making the country the only major economy of the world to register double-digit growth this year amidst the coronavirus pandemic.

The International Monetary Fund's growth projections for India in its latest World Economic Outlook Update released on Tuesday reflected a strong rebound in the economy, which is estimated to have contracted by eight per cent in 2020 due to the pandemic.

In its latest update, the IMF projected 11.5 per cent growth rate for India in 2021. This makes India the only major economy of the world to register double-digit growth in 2021, it said. China is next with 8.1 per cent growth in 2021 followed by Spain (5.9 per cent) and France (5.5 per cent).

Revising its figures, the IMF said that in 2020, the Indian economy is estimated to have contracted by eight per cent. China is the only major country which registered a positive growth rate of 2.3 per cent in 2020.

India's economy, the IMF said, is projected to grow by 6.8 per cent in 2022 and that of China by 5.6 per cent. With the latest projections, India regains the tag of the fastest developing economies of the world.

IMF Chief Economist Gita Gopinath, during a virtual press conference to release the WEO update, said that India has somewhat a faster pace of recovery, but cumulatively by the end of 2022, it is nine per cent below its pre-pandemic projected level. “Cumulatively by the end of 2022, India is still nine per cent below its pre-pandemic projected level,” Gopinath said.

“We are seeing India come back to its 2019 levels and 2021, but it's still below. Why do we have these upgrades (in IMF's growth projections for India)....Because the activity and mobility particularly came back much faster than expected in India. We have not seen another wave,” Gopinath said.

“In fact, we are seeing a very strong decline in cases, which is again a bit different from other parts of the world. So, these factors, including what we're seeing in terms of high-frequency indicators, point to have a somewhat faster pace of recovery. But again, there is still some distance to go,” Gopinath said.

Early this month, IMF Managing Director Kristalina Georgieva had said that India ‘ actually has taken very decisive action, very decisive steps to deal with the pandemic and to deal with the economic consequences of it’ .

India, she said, went for a very dramatic lockdown for a country of this size of the population with people clustered so closely together. And then India moved to more targeted restrictions and lockdowns.

“What we see is that transition, combined with policy support, seems to have worked well. Why, Because if you look at mobility indicators, we are almost where we were before COVID in India, meaning that economic activities have been revitalized quite significantly,” the IMF chief said.

Commending the steps being taken by the Indian government on the monetary policy and the fiscal policy side, she said it is actually slightly above the average for emerging markets.

"Emerging markets on average have provided six per cent of GDP. In India, this is slightly above that. Good for India is that there is still space to do more," she said, adding that she is impressed by the appetite for structural reforms that India is retaining.

(Zee News, 27/1/2021)

Indian economy to rebound with 8.9% growth in FY22

India Ratings & Research said the NSO projections for GDP growth in FY21 mean that the size of the Indian economy is expected to shrink to Rs 134.40 lakh crore in FY21 as against Rs 145.66 lakh crore in FY20.

Indian economy is likely to rebound with an 8.9 per cent growth in the fiscal year beginning April 2021 after economic activity showed significant improvement in the last quarter, IHS Markit said on Friday.

The National Statistical Organisation (NSO) on Thursday predicted that the economy will contract 7.7 per cent in the current financial year ending in March, the worst performance in four decades.

"The Indian economy suffered a severe recession in 2020," IHS Markit said in a note. "The worst contraction occurred during the period from March until August, with the economy having shown a strong rebound in economic activity since September."

The GDP contracted by a record 23.9 per cent in the April-June quarter following a national lockdown to prevent the spread of the coronavirus. The contraction came down to 7.5 per cent in the September quarter.

"During the fourth quarter of 2020, India's industrial production and consumption expenditure have shown a rebound.

"October data showed that industrial production grew by 3.6 per cent year-on-year compared with a steep contraction of -55.5 per cent in April 2020," IHS said.

Stating that there has been a marked improvement in business conditions across the manufacturing sector, it said factory orders increased during December on the back of the loosening of COVID-19 restrictions, strengthening demand and improved market conditions.

Although India faces a vast challenge to vaccinate its population of 1.4 billion people, it is about to commence its COVID-19 vaccination programme.

The Health regulator has approved the Oxford/AstraZeneca vaccine for emergency use.

An important advantage for India is that the Oxford/AstraZeneca vaccine is already being manufactured in the country by the Serum Institute of India, which projects that it will be able to manufacture 100 million COVID-19 vaccine doses per month by April 2021.

"With the Indian economy already showing a significant improvement in domestic economic activity in the fourth quarter of 2020, the outlook is for Indian GDP growth to rebound by 8.9 per cent year-on-year in the 2021-22 fiscal year," IHS said.

India Ratings & Research said the NSO projections for GDP growth in FY21 mean that the size of the Indian economy is expected to shrink to Rs 134.40 lakh crore in FY21 as against Rs 145.66 lakh crore in FY20.

“From the demand side except government consumption all other components namely private consumption, investment, exports and imports are estimated to contract in FY21,” it said.

Although the headwinds emanating from the COVID-19-related challenges are unlikely to go away till mass vaccination becomes a reality, the rating agency said it expects GDP growth to turn positive in 4QFY21 (January-March) and FY22 GDP to come in at 9.6 per cent.

Arun Singh, Global Chief Economist, Dun & Bradstreet said the first advance estimates of GDP growth for FY21 is a tad lower than the RBI projection of 7.5 per cent contraction but more optimistic than the projections provided by many institutions, global and domestic.

“We expect the final GDP data to be slightly lower than the first advance estimates when the data for the informal economy is included and adjusted,” he said.

While the investment and consumption demand data were expected to register a strong decline, the 5.8 per cent growth in government final consumption expenditure, the lowest since FY15, was not quite anticipated.

“During uncertain times, only the government can propel the multiplier effect in the economy. Hope hinges on the government to increase its spending to revive the private sector sentiment, overall demand and largely private investment,” Singh said. “Thus, in spite of, the stimulus measure announced by the government during the course of the year, expectation of additional measures from the Union Budget remains high.”

Dharmakirti Joshi, Chief Economist, Crisil said only two sectors are above last year’s level — agriculture and electricity, gas and water supply — and as expected, services are the worst hit.

“With industry seeing some recovery in the second half, the upcoming Budget will need to extend some support to the services sector, which continues to lag,” he said.

PTI, 10/1/2021)

India’s economic recovery looks brighter than it actually is; worst over, regaining ground will take time

Though in on-year growth terms, FY22 would appear to be an extremely good year, in level terms, it would only be slightly better than FY20.

India’s economy is recovering at a better-than-expected pace since the fiscal second quarter but it may take a long time to regain the momentum it had before the pandemic kicked in. The projected GDP growth does indicate that the worst is over, but it still does not indicate whether the economy has recovered the lost ground or surpassed it, said a report by India Ratings. The size of the Indian economy in FY20 was Rs 145.66 lakh crore at constant prices. Further, it is expected to contract 7.8 per cent on-year to Rs 134.33 lakh crore in FY21, and grow 9.6 per cent on-year to Rs 147.17 lakh crore in FY22, according to the estimates of India Ratings.

The economy will be able to just recover the lost ground in FY22, and surpass the FY20 GDP level in a meaningful way only in FY23.

Though in on-year growth terms, FY22 would appear to be an extremely good year, in level terms, it would only be slightly better than FY20. It would be only about 1 per cent higher than the FY20 level. This suggested that the economy will be able to just recover the lost ground in FY22, and surpass the FY20 GDP level in a meaningful way only in FY23, the rating agency added.

To further understand the actual impact of the pandemic and calculate the recovery in a more appropriate way, it is important to understand that if the pandemic had not arrived and the Indian economy had posted modest GDP growth of 5 per cent in FY21 and FY22 respectively, the size of the economy by FY22 would have been Rs 160.59 lakh crore. Based on this, even with a 9.6 per cent GDP growth, the size of the economy in FY22 would reach only Rs 147.17 lakh crore, due to the pandemic. On the other hand, to achieve Rs 160.59 lakh crore, the GDP will have to grow at 19.5 per cent in FY22, which looks impossible at the moment.

The above analysis shows how the enormity of the loss to the economy becomes quite unclear with an on-year growth and why there has to be pragmatism why calculating the recovery. India Ratings underlined that if the output loss is converted into loss in consumption demand and employment, the damage to the economy may appear even bigger.

(Financial Express, 5/1/2021)

India-US trade ties hit by tariff policies under Trump administration: US Congress report

The United States and several other countries have requested to join various WTO dispute consultations against India, related to its technology tariffs, also questioning its compliance with the WTO Information Technology Agreement (ITA).

Under the Trump administration, US-India tensions have increased over each side's tariff policies, a Congressional report has said, noting that the two sides have also held concerted negotiations to address these trade frictions.

The bipartisan Congressional Research Service (CRS), in its latest report, pointed out that India's recent tariff hikes on cell phones and other telecommunication goods went up from zero per cent to 15-20 per cent in the last few years.

"Under the Trump administration, bilateral tensions increased over each side's tariff policies. In general, India has relatively high average tariff rates, especially in agriculture. It can raise its applied rates to bound rates without violating its commitments under the WTO (World Trade Organization), causing uncertainty for US exporters," said the CRS report, which is prepared for the members of Congress ahead of trade decisions.

The United States and several other countries have requested to join various WTO dispute consultations against India, related to its technology tariffs, also questioning its compliance with the WTO Information Technology Agreement (ITA).

"India opposes the 25 per cent steel and 10 per cent aluminum national security-based 'Section 232' tariffs that the Trump Administration imposed in 2018. India repeatedly delayed applying planned retaliatory tariffs against the United States in hopes of resolving the issues bilaterally," it said.

After India lost its eligibility for the US Trade Preference Program, India imposed higher tariffs of 10 per cent to 25 per cent, affecting about USD 1.32 billion of US exports, such as nuts, apples, chemicals, and steel, the report stated, adding that the two sides are challenging each other's tariffs in the WTO.

"Under the Trump administration, the United States and India held concerted negotiations to address trade frictions. A potential trade deal could include partial restoration by the United States of India's GSP (Generalised System of Preference) benefits in exchange for certain market access commitments according to press accounts," CRS said.Yet, the long expected limited trade deal has not materialised to date, the report said.

Negotiations under prior administrations on a Bilateral Investment Treaty (BIT) are stalled due to differences on approaches on investor protection.

On the government-to-government trade policy, the CRS listed a set of key issues. Main among them was what aspects of bilateral trade relations would change or remain the same under a President-elect Joe Biden-led administration.

President Donald Trump, a Republican, is set to be succeeded by Biden, a Democrat on January 20 after he won the November 3 presidential election.

Other key issues were, what trade issues should the United States and India prioritise in future talks, the potential for broader trade agreement negotiations, will India and the United States renegotiate entry into the Regional

Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), or potentially seek other ways to engage on regional issues, and are there opportunities for the United States and India to bridge differences on multilateral trade issues.

(Financial Express, 5/1/2021)

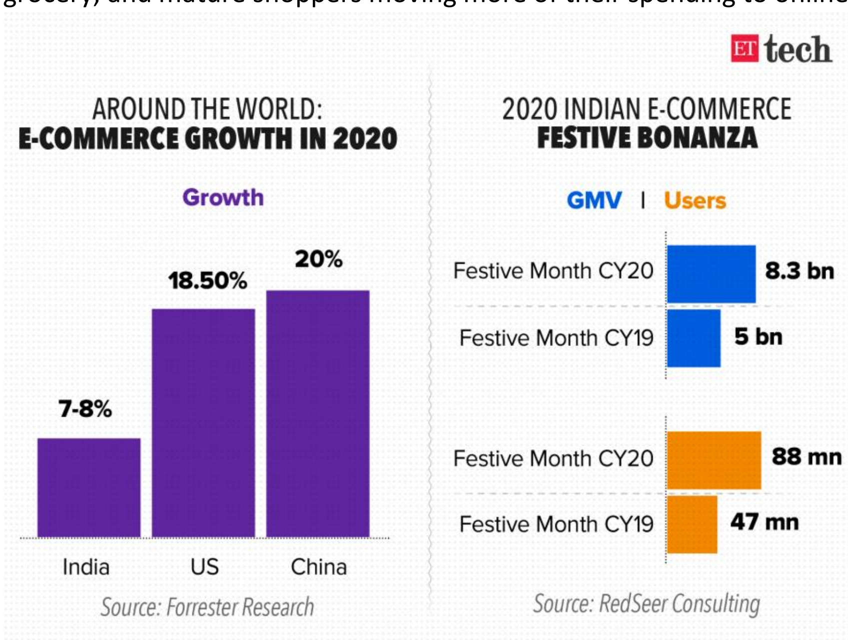
India's e-commerce sector sees big growth in 2021

India's online retail sector failed to match the growth of ecommerce in mature and far larger markets such as the United States and China this year, despite recovering quickly after the nationwide lockdown and the most successful festive sales period ever.

Ecommerce sales are estimated to have risen by only 7-8% in 2020, compared to almost 20% in China and the United States, whose governments made full use of contactless buying options to prop up the economy even while enforcing shutdowns to battle the Covid-19 outbreak, according to Forrester Research.

“We were not lucky like other countries. Growth of ecommerce was less than 10% because we lost a lot of momentum during those three months (of the lockdown) and the companies were not ready to deliver essential goods,” said Satish Meena, senior forecast analyst at Forrester Research.

The overall ecommerce industry’s gross sales are estimated at about $33 billion for the calendar year, he said. The sector saw big upsides from new online shoppers, existing shoppers buying more food and grocery, and mature shoppers moving more of their spending to online platforms.



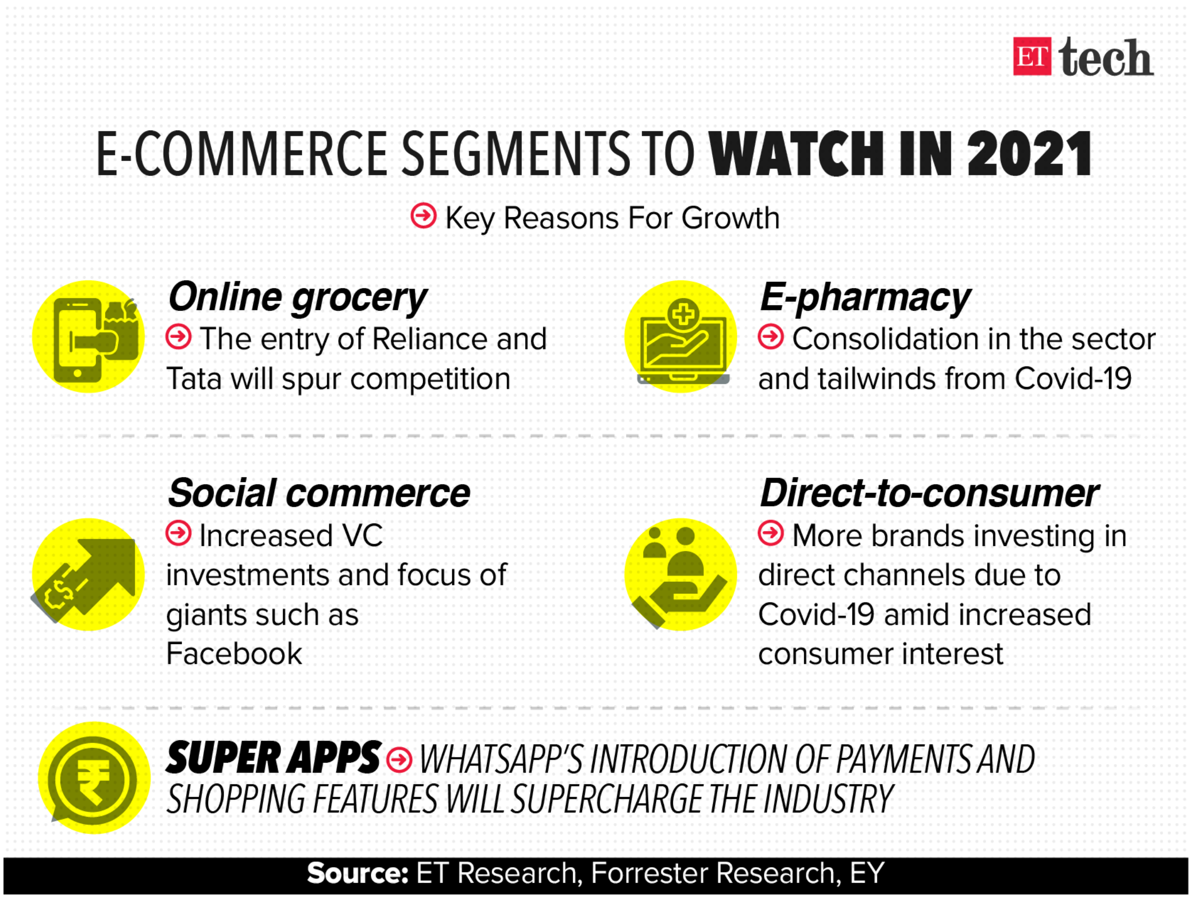
Even so, it was not enough for the industry to post mid-to-high 20s growth, as in the last two years.

Depressed consumer spending, an economic slowdown and uncertainty also kept the industry from growing at a faster clip this year.

However, all large players, including Amazon and Flipkart, are expecting strong sales growth in 2021.

"We are expecting growth to come back to normal next year. It might be slightly higher too," said a senior executive at a leading ecommerce firm, who did not wish to be named as the company does not officially share any guidance. "The number of new shoppers and the categories they are shopping for is certainly a positive."

The overall economy may still lag till a Covid-19 vaccine is widely available, but several industry experts and executives told ET that ecommerce will continue to grow as consumers, happy with the convenience and discounts of online shopping, will come back.



ETtech

Online grocery, e-pharmacy and social commerce are the segments that are expected to see a bulk of the action in 2021.

While the entry of Reliance Industries in the online grocery market with Jio Mart has already sparked a rush, consolidation in the e-pharmacy market is also expected to drive competition.

“I think consolidation will continue, both because of offline players looking to get online and also digital players looking to increase their serviceability and bulk up in size,” said Ankur Pahwa, Partner at EY.

Super apps – mobile applications that offer various services within a single app – will pick up in 2021, he said.

For instance, China’s WeChat started off as an instant messaging app, but quickly added payments, ecommerce, food ordering, cab hailing and several other such services to become a super app.

The move to build super apps has already started with many players getting into the game, Pahwa said.

Instant messaging platform WhatsApp, which has enabled payments and also some ecommerce features like a product cart, is starting the journey towards being a credible super app.

Investments in segments such as online grocery and social commerce will maintain their momentum in 2021, experts said.

“Investments will remain strong in live streaming, social commerce, group buying and other similar areas,” said Meena. “Investors are no longer going to invest in a replica of Amazon in India, but will if someone is trying a different model of selling.”

The growth in ecommerce will also drive allied industries such as logistics, supply chain, agri-tech and omnichannel sales solutions, which have already received higher investments in 2020.

(Economic Times, 1 January 2021)

India implemented several measures to facilitate trade during 2015-20: WTO

Synopsis

"During the period under review, India implemented several measures to facilitate trade, such as a reduction in the number of documents required, and the automation of the customs clearance system for imports and exports," the WTO has said.

New Delhi: India has implemented several measures to facilitate trade, such as simplification of procedures and customs clearances for imports and exports, according to WTO. Geneva-based World Trade Organisation (WTO) said that the other trade-facilitation initiatives introduced by India since 2015 include introduction of Indian Customs Electronic Gateway (ICEGATE); Single Window Interface for Facilitation of Trade (SWIFT); the Direct Port Delivery and the Direct Port Entry facilities; and the increased use of the Risk Management System (RMS).

These points were part of the report of India's seventh Trade Policy Review (TPR), which began on January 6 at the World Trade Organization. The TPR is an important mechanism under its monitoring function, and involves a comprehensive peer-review of the member's national trade policies.

India's last TPR took place in 2015.

"During the period under review, India implemented several measures to facilitate trade, such as a reduction in the number of documents required, and the automation of the customs clearance system for imports and exports," the WTO has said.

It added that India's trade policy remained largely unchanged since the previous review.

India continues to rely on trade policy instruments such as the tariff, export taxes, minimum import prices, import and export restrictions, and licensing, it said.

"These are used to... manage domestic demand and supply requirements, protect the economy from wide domestic price fluctuations, and ensure conservation and proper utilisation of natural resources. As a result, frequent changes are made to tariff rates and other trade policy instruments, which creates uncertainty for traders," it added.

To support both domestic production and exports, it said, India continues to provide a number of incentives, in the form of direct subsidies and price support schemes, tariff concessions or exemptions, or preferential rates of interest.

Meanwhile, an official statement said that India's delegation for the TPR was headed by Commerce Secretary Anup Wadhawan.

In his opening statement to the WTO Membership on the occasion, the secretary emphasised that this review is taking place at a time when the world is witnessing an unprecedented health and economic crisis.

With an eye on the rapidly expanding size of the Indian market, leading industrialised and developed countries sought greater liberalisation of India's trade policy, especially in the area of agriculture, harmonising its standards regime with international standards as well as reducing anti-dumping and other trade-remedy measures, it said.

He highlighted that, in order to deal with the immediate fall-out of the COVID-19 pandemic, India has advocated a short-term package of effective measures at the WTO that includes a temporary waiver of certain TRIPS provisions to increase manufacturing capacity and ensure timely and affordable availability of new diagnostics, therapeutics and vaccines for COVID-19; and a permanent solution for public stockholding for food security purposes to address food security concern.

The country has also suggested for a multilateral initiative that provides for easier access to medical services to facilitate easier cross-border movement of health care professionals.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement came into effect in January 1995. It is a multilateral agreement on intellectual property rights such as copyright, industrial designs, patents and protection of undisclosed information or trade secrets.

"A comprehensive report issued by the WTO Secretariat on the occasion, chronicling all major trade and economic initiatives that India took over the last five years, acknowledged India's strong economic growth at 7.4 per cent during the period under review and made a positive note of India's reform efforts during this period," the statement said.

The TPR meeting will continue till January 8, when further discussions on India's trade and economic policies will continue among members.

(Economic Times, 6/1/2021)

Enhanced trade partnership first step towards UK-India FTA, says UK minister

Synopsis

Lord Tariq Ahmad, who is also Minister for the Commonwealth in the Foreign, Commonwealth and Development Office (FCDO), said the strong relationship between the two countries has been further intensified with the vaccine collaboration to help fight the common enemy in the form of COVID-19.

Britain and India are committed to an enhanced trade partnership as the first step towards a positive free trade agreement in future and plans are expected to be further formalised during the visit of Prime Minister Boris Johnson to India in the coming months, the UK's Minister for South Asia has said.

Lord Tariq Ahmad, who is also Minister for the Commonwealth in the Foreign, Commonwealth and Development Office (FCDO), said the strong relationship between the two countries has been further intensified with the vaccine collaboration to help fight the common enemy in the form of COVID-19.

"We have been undertaking steps to remove barriers to trade and the hope is that an Enhanced Trade Partnership will lead to a positive free trade agreement (FTA) with India in future," said Ahmad, in an interaction to mark India's 72nd Republic Day celebrations on Tuesday.

"The ultimate goal is an FTA and the first steps in that direction are expected to form part of the initiatives that will be unveiled when the Prime Minister (Boris Johnson) visits India later this year," he said.

The minister indicated that many practical steps in the shape of business-to-business relations, which fully utilise the “under-leveraged” Indian diaspora in the UK, are also in the works.

Alongside, a “real professional partnership” that takes on board the mobility of skilled professionals and students between the two countries will be at the heart of a further strengthened bilateral relationship for a post-Brexit Global Britain.

“India, as the pharmacy of the world, is a key composite to both our countries' commitment to the equitable access to COVID-19 vaccines around the world, through the COVAX facility. This has been a key area of collaboration, including between AstraZeneca and the Serum Institute of India,” said Ahmad, in reference to the vaccine collaboration.

The UK has committed 548 million pounds to the COVAX Advance ?Market Commitment ?(AMC), which aims to provide at least 1 billion doses of vaccines for high-risk populations in 80?low and lower middle-income countries and 12 eligible upper-middle income countries in 2021, including India.

The Serum Institute of India (SII) will be one of the main suppliers of COVAX AMC, besides providing a significant proportion of India's domestic supply. The current COVAX portfolio includes 170 million AstraZeneca doses and 200 million doses of AstraZeneca or Novavax from the SII, with an option of up to 900 million doses agreed.

The minister also offered his “deepest condolences” to the loss of life from the fire at the Pune-based institute's vaccine facility last week, as he paid tribute to the work being conducted in the field of vaccines as a result of the UK- India partnership, at a government-to-government as well as private sector level.

“India is a strategic partner and we look forward to working closer together within the Commonwealth as we look towards Kigali (Commonwealth Heads of Government Meeting in Rwanda in June),” he added.

According to latest FCDO data, UK- India bilateral trade increased by over 11 per cent to nearly 24 billion pounds and the UK was the largest European market for India's goods exports in the 2019-20 financial year.

(Economic Times, 27/1/2021)
