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Newsletter

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India, EU to hold next round of FTA talks in early October

After a gap of about nine years, both the sides resumed the much-awaited negotiations in June for a "new-age" FTA.

India and the EU will likely hold the next round of negotiations for a proposed free trade agreement (FTA) in early October in Brussels, a senior government official told FE, as the two sides seek to expedite talks to hammer out a deal by next fiscal.

India is expected to submit its master negotiating text to the EU in October for further discussion, another source said.

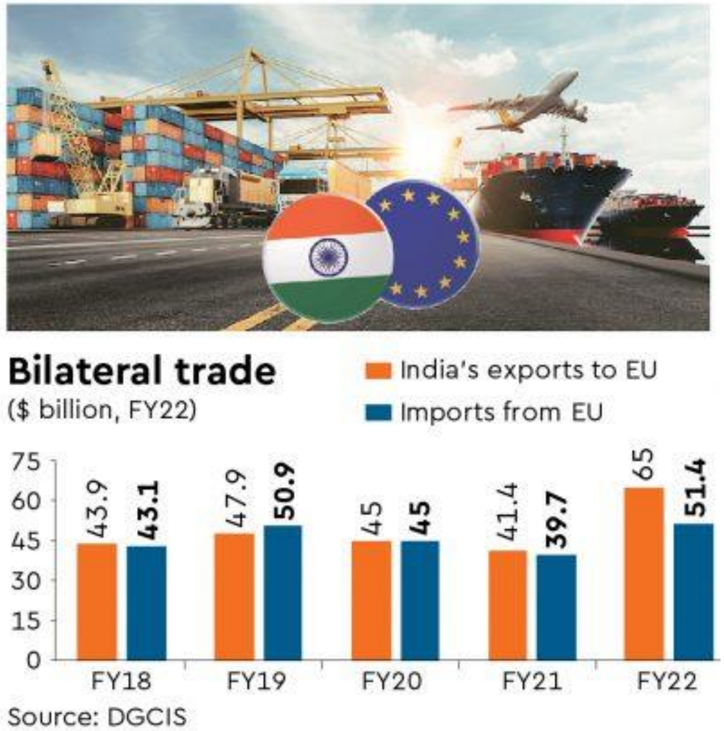
After a gap of about nine years, both the sides resumed the much-awaited negotiations in June for a "new-age" FTA that would cover a number of areas, beyond just goods, services and investments. Discussions are likely to take place on as many as 18 policy areas. The EU is learnt to have submitted its own negotiating text to India in June.

India's experience of negotiating a modern FTA with an advanced economy like the UK will come in handy in its talks with the EU as well, one of the sources said. Still, despite firm commitments from both the sides, a deal with the EU will take longer, thanks to sticky market access issues, on top of the complexity of negotiating with bloc whose 27 members may not necessarily have common ambitions in several aspects of trade, sources said. India and the UK, meanwhile, have set the Diwali (October 24) deadline for clinching an FTA, formal negotiations for which started only in January.

Both the sides the sides would first take stock of the progress made so far and discuss how to proceed further. "It makes sense to focus on points of convergence first before moving on to the contentious matters," one of the sources had said.

In the last round, 52 technical sessions covering various areas of negotiations and seven sessions on investment protection and geographical indications were held.

Formal negotiations between the two sides for the FTA were stuck over stark differences after 16 rounds of talks between 2007 and 2013. The EU insisted that India scrap or slash hefty import duties on sensitive products such as automobiles, alcoholic beverages and dairy products, and open up legal services.



Similarly, India's demand included greater access to the EU market for its skilled professionals, among others. However, both the sides have now decided to take the negotiations to their logical conclusion. The EU, even after the Brexit, continued to be India's largest export destination (as a bloc) in FY22, although it has lost some appeal. The country's outbound shipments to the EU jumped 57% on year in FY22 to $65 billion, albeit on a contracted base. Similarly, its imports from the EU jumped 29.4% last fiscal to $51.4 billion.

(Financial Express, 11/8/20220

EU to flag India's unfair 'buy national' practice in FTA talk

The text is based on the European Parliament resolution of July 5 on the EU-India future trade and investment cooperation. It is expected to be used as a guide for the EU officials as they negotiate with their Indian counterparts for the FTA, sources told FE.

The EU has listed secors where pending issues need to be resolved. These include cars, car parts, agriculture, medical devices, pharmaceuticals, sanitary and phytosanitary (SPS) irritants, public procurement, non-tariff barriers such as quality control orders, certification, compliance with international standards and localisation requirements.

The EU wants India to prohibit what it calls "discriminatory 'buy national' practices", including some relating to the Make in India and Atmanirbhar Bharat initiatives, claiming that they aim to favour domestic manufacturing, discourage imports and thus "significantly affect market access for EU firms", according to a text endorsed by EU Parliament last month, which will guide the 27-member bloc's negotiations for a free trade agreement (FTA) with New Delhi.

It pitches for a comprehensive chapter on public procurement to enforce the principles of transparency and non-discrimination in public procurement through effective remedy procedures. It seeks a review of any technical barrier to trade in India in ICT products, medical devices, toys, alcoholic beverages, polished diamonds, agricultural products, food and steel. At the same time, it wants India to go beyond the WTO Technical Barriers to Trade Agreement and "ensure that there is no duplication of testing and certification, and streamline licensing schemes, quality control orders and clinical investigations".

While the text encourages negotiators to find swift solutions to the longstanding market access issues across sectors, it's against "compromising on content in favour of a speedy conclusion". This effectively means the EU won't rush to conclude a deal for the sake of having an agreement. The text is based on the European Parliament resolution of July 5 on the EU-India future trade and investment cooperation. It is expected to be used as a guide for the EU officials as they negotiate with their Indian counterparts for the FTA, sources told FE.

After 16 rounds of talks between 2007 and 2013, formal negotiations for the FTA were stuck over stark differences, as the EU insisted that India scrap or slash hefty import duties on sensitive products such as automobiles, alcoholic beverages and dairy products. India's demand included greater access to the EU market for its skilled professionals. Both the parties were reluctant to accede to what the other wanted. However, FTA talks resumed in June after a gap of almost nine years, following renewed interest shown by both the sides who are willing to take the negotiations to their logical end. The next round of FTA talks are expected to take place in October.

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The text encourages the negotiators "to make good progress in achieving a comprehensive, mutually beneficial, state-of-the-art, WTO-compatible and rules-based FTA, giving priority to areas conducive to sustainable growth and addressing inequalities and the digital and green just transitions".

The EU pitches for comprehensive elimination of tariffs and quotas on a reciprocal basis, with focus on sensitive products, it wants to ensure that reductions in duties will not be offset by an increase in domestic taxes and levies, including at state level, on imported products. It also wants expedited, more transparent and less onerous customs, as well as a comprehensive single-window electronic certification process and the removal of disproportionate import bans.

(Financial Express, 18/8/2022)

EU to end duty benefits for 1,800 goods under Generalised Tariff Preference Scheme

Synopsis

Exports of almost 1,800 products of plastics, fur, stone, plaster, cement, asbestos, and machinery and mechanical appliances will cease to get the benefits and make Indian goods more expensive with exporters paying 6.5% duty for certain plastic products where the tariff is nil at present. Their exports to the EU in 2021 were $7.9 billion.

India's exports of plastics, stone, machinery and mechanical appliances worth $7.9 billion to the EU will no longer be eligible for low or zero-duty concessions from January, 2023 as the bloc would withdraw these benefits under the Generalised Tariff Preference Scheme (GSP).

Exports of almost 1,800 products of plastics, fur, stone, plaster, cement, asbestos, and machinery and mechanical appliances will cease to get the benefits and make Indian goods more expensive with exporters paying 6.5% duty for certain plastic products where the tariff is nil at present. Their exports to the EU in 2021 were $7.9 billion.

"In these four sectors, the EU is a major export destination for India and holds around 22.58% share of India's total exports," said Ajay Sahai, director general, Federation of Indian Export Organisations.

Textiles, vehicles, chemicals and some leather products got excluded from the EU GSP programme in 2014 after their exports crossed the specified threshold and haven't enjoyed the preferential treatment since then.

On June 29, the EU announced the withdrawal of GSP benefits for India in the four sectors from January 1, 2023 along with those for Kenya and Indonesia.

The current EU GSP system will expire at the end of 2023. Going ahead, for 2024-2034, the EU aims at a more effective system which delivers benefits to where they are needed and time toughens the sustainable development criteria applicable to developing countries.

The withdrawal of GSP benefits by the EU countries for certain sectors will impact the export of these commodities to EU; one more reason for India to move fast on the India-EU FTA fast," said Bipin Sapra, partner at EY India.

Exporters have already raised the issue with the commerce and industry ministry as GSP is the only route to get tariff concessions as the India-EU free trade agreement is yet to be formalised.

"This will severely impact our competitiveness as other GSP and GSP plus countries will continue to enjoy tariff concessions for these sectors," said an industry representative.

As per an analysis done by FIEO, out of the total 16,309 EU tariff lines (products), 46.6% are eligible for tariff concessions under GSP. Around 23% of the products have zero duty.

It analysed 1,947 products that get GSP benefits, of which 81% get full tariff concessions and 11% are subject to low duty but these concessions will no longer be available for India from January next year.

Among states, Maharashtra, Gujarat and Tamil Nadu would be the most hit as their share in exports to the EU is almost 60%.

(Economic Times, 11/8/2022)

India Inc ready to embrace broader, new-age FTAs

These may include labour, climate/environment, digital technology, public procurement, supply chains, e-commerce, gender, health, education and even some evolving sectors, in addition to the traditional pillars.

Who is afraid of a 'new-age' free trade agreement (FTA) that goes well beyond traditional pillars of goods, services and investments? Certainly not the Indian industry! At least that is the position of key chambers representing India Inc, in a discerning change from their usual demand for more and more protection against foreign competition over a decade ago.

India is negotiating 'new-age and modern' FTAs with the UK and the EU and hopes to forge some more with others in future. These FTAs differ from the traditional ones, as they cover, and involve the country's commitments on a wide range of subjects. These may include labour, climate/environment, digital technology, public procurement, supply chains, e-commerce, gender, health, education and even some evolving sectors, in addition to the traditional pillars.

Indian policy-makers and industry had been traditionally averse to the inclusion of new areas, especially labour and environment, in trade pacts for fears that it would impose onerous and exacting standards (being adopted by the developed world) on domestic manufacturers that would be hard to implement without incurring huge costs, in which case their export competitiveness would erode further. Moreover, given that areas like digital technology and e-commerce are still evolving, taking commitments on them in trade deals that may remain valid for decades would crimp domestic policy space.

More importantly, there were fears that foreign firms could exploit the FTAs better and potentially flood the country with cheaper products. In fact, India remained cautious about any trade deal for about a decade before signing one with the UAE in February, as five of its six prominent FTAs that came into force between 2006 and 2011, had exacerbated New Delhi's trade balance, according to an FE analysis.

These fears have subsided, if not entirely gone, with growing realisation that in an interconnected world, failure to adopt global best practices has a far bigger cost than embracing them. Moreover, with the emergence of several Indian multi-national companies and start-ups, which are not scared of competition, the protection-seeking mindset of traditional businesses is taking a knock.

Of course, industry players still want the fine-prints of any FTA to be fair and balanced, and seeks safeguards, wherever required, to have a level-playing field. For instance, New Delhi may have to negotiate with the UK and the EU for an exemption from their carbon border adjustment measures, which typically aims to tax imported goods, including steel and cement, from countries with less strict climate policies.

BK Goenka, chairman of Welspun Group, told FE that the new-age FTAs 'augur well' for the country. "The global marketplace in which Indian industry currently operates ensures, to a large extent, that the products are benchmarked to international standards and are competitive. The broad-based coverage of the FTAs would lead to technology acceleration and adoption of best manufacturing practices which would be particularly positive from an ESG Perspective," Goenka said.

The Indian textile players would need to keep transforming themselves for these changes, which would 'eventually help them mature into industry-leading global players', he added. The labour-intensive textile and garment sector has been pitching for FTAs with the UK and the EU.

Chandrajit Banerjee, director general of CII, said industry is keen to see early conclusion of the FTAs with the UK and the EU. "CII is working with the government to ensure that while negotiating issues like public procurement, sustainability, intellectual property rights, the genuine interests of Indian industry are preserved."

Arun Chawla, director general at Ficci, said, "These (modern FTAs) will not only promote meaningful economic activities in goods and services, but curate an ecosystem for exchange of global best practices, on diversity, inclusion and sustainability, with an objective to transform business value chains."

The changing mindset of corporate India assumes significance, as the country is either negotiating or planning to start talks for a flurry of high-stake FTAs with key economies, such as the EU, the UK, Canada, Israel, members of Gulf Co-operation Council (GCC) and Australia. While an interim deal with Canberra is clinched, talks for a full-fledged FTA could start soon. Together these economies (excluding the GCC member UAE, with which an FTA is already signed) contributed as much as $108 billion, or 26%, to India's merchandise exports in FY22.

Pradeep Multani, president of PHD Chamber of Commerce and Industry, said modern FTAs will further broad-base development of the country and improve people's standards of living. Nevertheless, any new FTA must be tailored in such a fashion that it provides a level-playing field to domestic industry, he added. Proper safeguards need to be built in to ensure that FTA provisions aren't abused to injure domestic industry, he added.

Assocham secretary general Deepak Sood said, trade negotiations on issues like health and education would be within a premise of 'win-win' for both India and its trading partner and in both these areas, global engagement would help India. "As regards labour and environment, India has been following global norms and is in the forefront of moving towards renewable and new energy," he added.

(Financial Express, 8/8/20220

$1 trillion exports: These 6 sectors to help India become export powerhouse by FY28

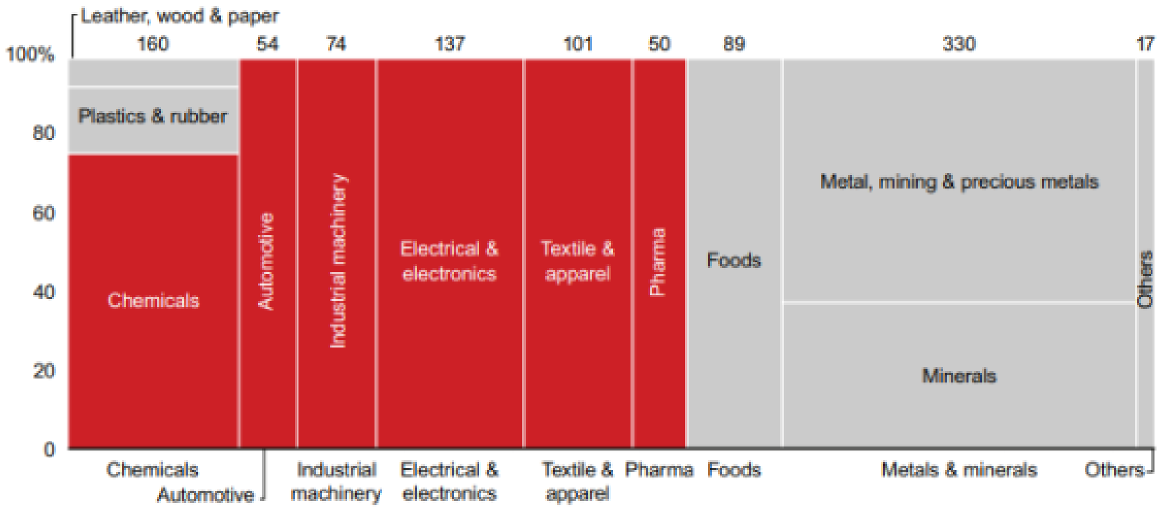
India is expected to scale up its manufacturing exports to $1 trillion by FY28, and much of this growth will come from Chemical, Pharma, Industrial Machinery, Electrical & electronics, Automotive, and Textile & apparel sectors.

India's export growth has been propelled by six megatrends that got fast-tracked during the pandemic (2020, 2021), driving overall export attractiveness for multiple sectors in India. Going forward, chemicals, pharmaceuticals, electronics, automotive, industrial machinery, and textiles (among others) are expected to propel India's manufacturing exports to $1 trillion by FY28, according to Bain & Company. India's exports have seen tremendous growth over the last two years, with a compound annual growth rate (CAGR) of 15%, rebounding from 5-10% in the pre-pandemic years.

India's manufacturing exports reached an unprecedented $418 billion in FY 2021-22, an overall on-year growth of more than 40% compared to the $290 billion from the previous year. The sharp rise in exports last year has been on the back of a significant increase in share of manufacturing in the country's exports.

According to the report, India is on the cusp of structural shifts, especially in the manufacturing sector. Despite having the sixth-largest economy in the world, contributing to 3.1% of the GDP, India's export contribution to global trade is still only 1.6%. However, that is going to change, buoyed by the government's robust policy thrust, initiatives like production-linked incentives (PLIs) to encourage local manufacturing, and fresh investments that are pouring into the country's core industrial sectors.

Sectors that will drive manufacturing export growth, enabling India to achieve $1 tn in exports by FY28



Sources: Ministry of Commerce, IHS Merkit, WTI, Euro monitor and CRISIL analyst report, Bain analysis

Megatrends shaping India's manufacturing sector

Supply chain diversification: India among top four destinations for relocation of American companies

Sectoral advantages: India's advantage in Pharma, Chemicals, Industrial machinery, Electronics, Automobile, Textiles

Government initiatives: Thrust on fresh investments and ease of doing business, PLI outlay of $47.8 billion and FDI policy improved capital inflow and ease of doing business

Capex-led growth: Growth and high-capacity utilisations, Projected next five years capex is six times higher than last five years

Mergers and acquisitions: Driving growth and reshaping portfolio, In 2021, 90 strategic deals with cumulative value of $100 billion finalised

PE/VC-led investments: Digital and technology-led disruption in manufacturing, PE/VC investments in Indian firms up 55% since 2019, hit record $70 billion in 2021

Manufacturing is emerging as an integral pillar in India's economic growth, thanks to the performance of key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables. The Bain & Company report stated that propelled by favourable megatrends in manufacturing, India is expected to scale up its manufacturing exports to $1 trillion by FY28, and much of this growth will come from Chemical, Pharma, Industrial Machinery, Electrical & electronics, Automotive, and Textile & apparel sectors.

Sectors that will drive manufacturing export growth, enabling India to achieve $1 tn in exports by FY28

Picture Credit: Bain & Company

Chemical $110–$130B

Projected exports CAGR: 19%–23%

Hot segments: specialty chemicals, agrochemicals

Pharma: $45–$50B

Projected exports CAGR: 16%–18%

Hot segments: active pharmaceutical ingredients and drug intermediaries

Industrial machinery: $70–$75B

Projected exports CAGR: 18%–20%

Hot segments: Food processing machines and textile machines

Electrical & electronics: $120–$145B

Projected exports CAGR: 35%–40%

Hot segments: Mobile phones & Industrial electronics

Automotive: $45–$55B

Projected exports CAGR: 15%–18%

Hot segments: EV components

Textile & apparel: $95–$110B

Projected exports CAGR: 13%–16%

Hot segments: man-made fibers, technical textiles

"To capitalise on this opportunity, Indian companies should focus on having a clear export strategy, the right execution chops, the right partnerships for enabling exports, and an optimal capital expenditure (capex) efficiency focus to build manufacturing capacity," the global consultancy firm said.

(Financial Express, 20/8/2022)

Govt withdraws data protection bill, 2021

Synopsis

The withdrawal is seen as a nod to the sustained pushback by global and local technology corporations, policy makers and privacy activists to the legislation first mooted as a "privacy bill" in 2017.

The Centre on Wednesday withdrew the controversy-ridden Personal Data Protection Bill, 2021 and said it would soon be replaced by "a comprehensive legal framework," that will be "designed to address all of the contemporary and future challenges of the digital ecosystem,". The withdrawal is seen as a nod to the sustained pushback by global and local technology corporations, policy makers and privacy activists to the legislation first mooted as a "privacy bill" in 2017.

The "work on drafting of the new bill is almost complete…it is at a very advanced stage," IT minister Ashwini Vaishnaw told ET in an exclusive interview soon after presenting "reasons for the withdrawal" of the bill to fellow parliamentarians. "We will go through the process of approvals very soon and present (it) in the coming session or the forthcoming session of the Parliament," he said.

Earlier, in his address to Lok Sabha, Vaishnaw said the "Personal Data Protection Bill, 2019 was deliberated in great detail by the Joint Committee of Parliament (JCP). 81 amendments were proposed and 12 recommendations were made towards the comprehensive legal framework on the digital ecosystem."

ET was the first to report on February 17 that India may draft a completely new privacy bill by putting aside the current version of the bill that had been in the making for nearly five years but did not comprehensively address the requirements of the country's fast changing technology landscape.

The bill was tabled in the Parliament in 2019, and the JCP formed to review it had submitted its final report and the bill in December 2021.

The legislation, initially aimed at protecting the digital privacy rights of the country's burgeoning base of internet subscribers and a nascent data economy, underwent a series of changes to include elements on regulating social media, hardware companies, as well as provisions on data localisation and non-personal data. The legislation following JCP review drew flak from technology corporations and startups for what they termed as the "high cost of compliance".

Pointing out that the JCP report on Personal Data Protection Bill had identified many issues that were relevant but beyond the scope of modern digital privacy law, minister of state for information technology Rajeev Chandrasekhar said, "the idea is that it will soon be replaced by a much more comprehensive framework that will address all of the contemporary and future challenges of the digital ecosystem."

Chandrasekhar, who was also a member of the JCP, said the committee found that the PDP Bill 2021 had identified a large number of other issues that "lay outside the domain of privacy."

"That catalysed a thought process within the government that we needed a much more comprehensive look at the bill," he told reporters on Wednesday.

Half a dozen members of the JCP belonging to opposition parties had submitted dissent notes along with the final report and the bill that was tabled in the Parliament during December 2021.

Reacting to the Centre's withdrawal of the controversial bill on Wednesday, Rajya Sabha MP Amar Patnaik said that he "supports the withdrawal of the bill in its existing form and hopes that the revised bill would take into account our concerns." Patnaik, one of the MPs to file a dissent note, added the government has now withdrawn the Data Protection Bill 2021 since there were 81 amendments in a bill of 99 sections.

The revised legislative framework now being worked on by the Centre will take into account issues such as non-personal data, social media regulation, data localisation, hardware security requirements— all of which will now be dealt with in a separate law, Chandrasekhar said. While penalties on companies for data breaches will remain, provisions that imposed criminal penalties on officials of these companies may be dropped in the new law, he added.

The bill was withdrawn on Wednesday after approval from the Union Cabinet, Chandrasekhar said.

Privacy activists are of the view that the Data Protection Bill, 2021 did have imperfections “which need to be reconsidered.”

“We hope the government will re-look at all the aspects of data governance in the new bill and arrive at progressive principles to govern India’s digital ecosystem,” Kazim Rizvi, founder of policy think tank The Dialogue, told ET.

“There is a need to engage in greater stakeholder consultations and seek expert inputs to formulate robust legislation which ensures adequate accountability and transparency from all data processors. An independent data protection authority needs to be operationalised to regulate data collection practices of all data fiduciaries,” he said.

Five-year long journey

Originally mooted in 2017 after the Justice Puttaswamy privacy judgement, the bill was drafted by a committee headed by retired Supreme Court judge Justice BN Srikrishna after a year-long consultation process and it was tabled in 2019.

The 2019 bill was reviewed by the JCP, which submitted its final recommendations and a revised draft bill in November 2021. The revised bill included both personal and non-personal data under its ambit, which was supposed to be dealt with by a Data Protection Authority. It also changed the title of the bill to Data Protection Bill since it includes non-personal data as well under its ambit.

“Since it’s a JCP drafted bill, the government can only tweak the clauses to some extent but the provisions cannot be changed completely. A better option is to bring a new bill which is aligned with the current times,” ET had then quoted one official as saying.

The proposed regulation had attracted sustained criticism from several stakeholders, both local and global. They flagged provisions such as the inclusion of non-personal data, treating social media as publishers, and the structure of the Data Protection Bill, as concerning.

ET had also reported that a study commissioned by the European Data Protection Board (EDPB) had called out data policies of India — specifically the exemptions the government had sought under Section 35 of the Data Protection Bill — as an area of concern.

In 2022, trade and tech bodies and US-based companies had met officials from the IT ministry and expressed their apprehension of the provisions of the PDP bill, including some aspects on local storage of data. Privacy experts, including some US-based think tanks, had also been critical of the government's wide exemptions provided under Section 35 of the PDP bill.

(Economic Times, 4/8/2022)

India's outbound tourism to surpass USD 42 bn by 2024: Report

Synopsis

With a growing economy, young population, and growing middle class, India is ideally positioned to become one of the most lucrative outbound tourism markers in the world.

Outbound trips from India will surpass USD 42 billion by 2024 and the government could bring about certain policy changes to boost this growing market, a report said. The report' titled 'Outbound Travel and Tourism - An Opportunity Untapped' by Nangia Andersen LLP in association with FICCI, highlights the up-and-coming Indian travel market and outline a framework for creating a more value for money experience for Indian tourists and travellers.

To facilitate ease of doing business and promote the interests of Indian firms dealing in outbound travel the government could look at steps like increasing direct connections to popular and upcoming destinations, allowing foreign cruise vessels to operate on Indian waters, besides taking concerted and coordinated efforts on multiple fronts to propel the outbound tourism market, the report said.

Nangia Andersen LLP Head - Government and Public Sector Advisory Suraj Nangia said Indian outbound tourism is going to surpass USD 42 billion by 2024.

"We are soon going to be the most populous country in the world with the fastest growing economy. The Indian outbound travel market is among the fastest growing markets globally with approximately 80 million passport level of purchasing power, especially among the middle class."

The report noted that allowing foreign cruise vessels to include Indian destinations as a stop would encourage both inbound and outbound tourism as well as increase revenue for Indian ports.

With a growing economy, young population, and growing middle class, India is ideally positioned to become one of the most lucrative outbound tourism markers in the world. Europe sees 20 per cent of the travellers from India's outbound traffic. 10 per cent travel to Australia and New Zealand, while the rest of the traffic is towards South east Asia, it said.

Nangia Andersen LLP Partner - Government and Public Sector Advisory Poonam Kaura said, "With the positive response of foreign delegations and their policies, our government can surely establish bilateral relations with tourist-friendly countries for both inbound and outbound tourists".

In 2021, Indians spent approximately USD 12.6 billion in outbound trips, compared to USD 22.9 billion in 2019. While the reason for decrease in spending could be due to the pandemic but these figures point out the huge value that can be captured from Indian outbound travellers, the report added.

(Economic Times, 8/8/2022)

Talks on free trade agreement with UK moving at faster pace: Goyal

Synopsis

In such pacts, two or more countries significantly reduce or eliminate customs duties on maximum number of goods traded between them. Besides, they ease norms for promoting trade in goods and investments.

Negotiations for the proposed free trade agreement between India and the UK is progressing at a faster pace, commerce and industry minister Piyush Goyal said on Tuesday. The agreement is aimed at boosting bilateral trade and investments between the two countries.

India has signed a trade pact with the UAE in a "record" time and "now our talks with the UK is moving at a faster pace", Goyal said.

In such pacts, two or more countries significantly reduce or eliminate customs duties on maximum number of goods traded between them. Besides, they ease norms for promoting trade in goods and investments.

In January, India and the UK formally launched talks for a free trade agreement. They have set the deadline for concluding talks by Diwali.

India is also negotiating similar pacts with Canada, European Union (EU) and Israel, he said, adding that several other nations have shown keen interest in negotiating trade agreements with India.

The Gulf Cooperation Council (GCC), Eurasian Economic Union (EAEU) and European Free Trade Association (EFTA) want to negotiate these pacts, he said.

However, he added that the commerce ministry does not have enough resources to simultaneously negotiate free trade pact with more nations.

GCC is a union of six countries in the Gulf region, namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. EFTA members are Switzerland, Norway, Iceland and Liechtenstein. Five-nation EAEU comprises Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan.

The minister was speaking at Vyapari Udyami Sammelan here.

He asked the domestic traders body to focus on quality of products and work in a unity.

Goyal informed that the government is taking steps to reduce compliance burden.

About 30,000 rules have either simplified or removed to ease compliance burden.

(PTI, 10/8/2022)

India-UK bilateral trade to double by 2030: Grant Thornton Bharat, CII

Synopsis

India’s trade in goods and services with the UK increased to $31.34 billion in 2022 from $19.51 billion in 2015. In January, India and the UK formally launched talks for an FTA and have set the deadline for concluding talks by Diwali.

Aided by greater economic engagement, global supply chains diversification and overall ease of doing business, bilateral trade between India and the UK is likely to double by 2030 from the current level, Grant Thornton Bharat and the Confederation of Indian Industry (CII) said in the second edition of the Britain Meets India Report 2022 launched on Thursday.

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“One of the key highlights of the India-UK economic relationship during this period was laying the groundwork for the India-UK FTA…As an outcome of these interventions, trade between India and the UK is expected to double by 2030,” they said in the report.

As per the report, there are 618 UK companies in India, with a combined turnover of approximately Rs 3,634.9 billion, and around 4,66,640 employees.

58 of these 618 companies featured in the report’s Growth Tracker (companies with turnover greater than Rs 500 million and 10% year-on-year growth) - these fast-growing UK companies achieved an average growth of 36.3% which is a 10% jump from 2021 where fast-growing UK companies clocked an average growth rate of 26%.

The UK remained the sixth-largest investor in India, with a cumulative investment of about $31.92 billion in 2000-22. This constituted around 5.4% of the total foreign direct investment into India.

Despite low-key merger and acquisition activity, the India-UK corridor witnessed 13 deals including India's

Wipro Ltd acquiring Capco, Reliance Group acquiring Faradion Ltd and Bharti Enterprises acquiring Oneweb Ltd, Grant Thornton Bharat and CII said.

(Economic Times, 12/8/2022)
