



# Europe India Chamber of Commerce

## Newsletter

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### **India expects FTA with EU to be 'game-changer': EAM Jaishankar**

The external affairs minister also said that capacity building would be key to sustain India-Europe cooperation.

India expects its proposed free trade agreement with the European Union to be a "game-changer" and is looking forward to a mutually advantageous conclusion to the negotiation process for the pact within a "short planned timeline", External Affairs Minister S Jaishankar said on Tuesday.

In an address at an event of the Confederation of Indian Industry (CII), Jaishankar also said that Europe and India can strengthen each other's strategic autonomy by reducing dependencies, cooperating on critical technologies and ensuring supply-chain restructuring.

The external affairs minister also said that capacity building would be key to sustain India-Europe cooperation.

"We expect the India-EU FTA will be a game-changer for the India-EU relationship. We look forward to a mutually beneficial, mutually advantageous conclusion to the negotiation process within a reasonably short planned timeline," he said.

Jaishankar said India is expected to be the only major economy to keep growing at well above six per cent per annum in the foreseeable future, and thus, will remain one of the major growth engines of the world.

In June last year, India and the European Union restarted the negotiations for the long-pending trade and investment agreement after a gap of over eight years.

Launched in June 2007, the negotiations for the proposed agreement have witnessed many hurdles as both sides had major differences on crucial issues.

"India's new approach to trade agreements addresses issues of non-tariff and behind-the-border barriers, quality standards and related benchmarks," Jaishankar said at the India Europe Business and Sustainability Conclave.

"With like-minded partners, we have actually demonstrated in recent years a fast-track change in our FTA negotiation processes. FTAs with the UAE and Australia were actually concluded in record time," he said.

Behind-the-border barriers are non-tariff discriminatory trade barriers within a country.

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Editor: **Secretary General**

“Europe and India can strengthen each other’s strategic autonomy by reducing dependencies; cooperating on critical technologies; and ensuring supply-chain restructuring. The India-EU FTA is therefore our very important goal,” Jaishankar said.

The external affairs minister said the recently unveiled Trade and Technology Council (TTC) will provide the structure and strategic guidance to the partnership between the two sides.

The TTC is expected to facilitate exchange of critical technologies relating to an array of domains, including artificial intelligence, quantum computing, semiconductors and cybersecurity.

The TTC with India is the European Union’s second such technology partnership after the first one with the United States that was firmed up in June 2021.

“I would like to say that India’s relations with Europe are stronger and deeper than ever before and this event itself is a testimony of that assertion,” Jaishankar said.

“Between us, rests the largest democratic and free market space globally. The business communities of India and Europe have a large stake and an enabling role in this transformation,” he said.

Jaishankar said the EU is one of India’s largest and most important trade partners.

“Our bilateral trade was in excess of USD 115 billion in the FY 2021-22, which is the highest ever. With the UK and other non-EU countries added, I believe that the number is even greater,” he said.

The external affairs minister said that India’s large and growing middle-class population makes it obviously a preferred investment destination as well as a lucrative market for its trade partners.

“When it comes to the green transition, clean energy and green transition are central to the India-EU Connectivity Partnership. Synergies have emerged in solar and wind energy, in green hydrogen, smart grids, sustainable urban transport, waste management and the circular economy,” he said.

“But, to sustain this cooperation, the real ask is capacity building, clean technology transfer, alignment of standards and cooperation in critical materials. And here, let me say upfront that promoting green financing is the ignition for any long-term result-oriented outcome,” he added.

Jaishankar said India is today one of the leading countries in climate change mitigation commitments and environmental protection.

“Our low-carbon development strategy lays out the path to a carbon-neutral economy while taking into account specific development goals. We have the third biggest installed renewable energy capacity in the world,” he said.

“Without stressing on our ambitious Nationally Determined Contributions at the UNFCCC, let me say that we will reach our goals even earlier,” he said.

Looking ahead, he noted, India’s ambitious green hydrogen policy incentivises an indigenous ecosystem for local needs and exports.

Jaishankar said electric vehicles will be the next big thing for a green transition of India’s urban landscape.

“Green transition is also the core of our sustainability goals and it is enshrined in our agenda for the G20 presidency,” he said.

Speaking about digital transformation, Jaishankar said 41 per cent of the world’s transactions actually happened in India last year.

“India today can boast of more than a 100 unicorns, many of them in the tech sector. But, our digital success story goes beyond its tech unicorns; it touches the common person. We have pioneered digital public goods on a scale previously unimaginable,” he said.

“Our innovative digital solutions for identification and banking (Aadhar) and digital transactions (UPI) are unprecedented in reducing transaction costs and turning digital and financial inclusivity into a reality, almost overnight for hundreds of millions of our citizens,” he said.

“Our indigenous development of 5G and digital commerce will surely empower our citizens even further,” Jaishankar said.

Foreign minister of Denmark Lars Løkke Rasmussen said that the Green Strategic Partnership between India and Europe is an important example for “all to follow”.

Czech foreign minister Jan Lipavský stated that his country could contribute to India’s post pandemic recovery along with other Indo-Pacific countries, particularly in the areas of healthcare services, pharmaceuticals and telemedicine. Energy transition will be a key pillar of the partnership, Lipavský emphasised.

(Press Trust of India, 28/2/2023)

### **‘Bright spot in world economy’: IMF MD Georgieva says, India to contribute 15% of global growth in 2023**

According to Georgieva India has taken “a very brave step with the digital ID” that put the foundation for digitalization on the scale we see today.

India continues to remain a relative “bright spot” in the world economy, and will alone contribute 15 per cent of the global growth in 2023, International Monetary Fund (IMF) managing director Kristalina Georgieva said.

While digitisation pulled out the world’s fifth-largest economy from pandemic lows, prudent fiscal policy and significant financing for capital investments provided in the next year’s budget will help sustain the growth momentum.

“India’s performance has been quite impressive. For this year, we expect India to retain a high growth rate, 6.8 per cent for the year that ends in March. For FY 2023/24 (April 2023 to March 2024) we project 6.1 per cent, a bit of slow down like the rest of the world economy, but way above the global average. And in that way, India is providing about 15 per cent of global growth in 2023,” Georgieva told PTI in an interview.

That is the fastest growth rate among major economies.

India remains a bright spot at a time when the IMF is projecting 2023 to be difficult with global growth slowing down from 3.4 per cent last year to 2.9 per cent in 2023, she observed.

“Why is India a bright spot? Because one, the country has done really well to turn the digitalization that has been already moving quite well into a major driver of overcoming the impact of the pandemic and creating opportunities for growth and jobs,” the Managing Director noted.

“Second, because India’s fiscal policy has been responsive to economic conditions. We have seen the new budget presented, and it signals the commitment to fiscal consolidation, while at the same time provides significant financing for capital investments. And three, because India didn’t shy away from learning the lessons from the pandemic and to implement very strong policies to overcome what has been really a difficult time for a number of months,” she said.

Responding to a question, Georgieva said she is impressed by two things in the latest annual budget presented by Union Finance Minister Nirmala Sitharaman. “Overall, a very, very thoughtful work done by the Minister of Finance.”

“The first one is how much care is placed on balancing development needs with fiscal responsibility in India. So, you have a budget that is realistic on the revenue side with a focus on growth-supporting spending. And secondly, the investment in capital expenditures, that is there to provide the long-term foundation for growth,” she said.

Sitharaman in the budget for FY24 announced one of the biggest-ever increases in capital spending to create jobs but shunned outright populism in the last full budget ahead of the general election due in 2024. Capital investment is being increased steeply for the third year in a row by 33 per cent to Rs 10 lakh crore.

The capital spending increase, which would amount to 3.3 per cent of gross domestic product (GDP), will be the biggest such jump after an increase of more than 37 per cent between 2020-21 and 2021-22.

“I particularly noticed how much attention India is paying on investing in the green economy, including renewables with potential to shift the country towards clean energy and keep growth going. What we see as potential for the future is to translate this fiscal responsibility into a medium-term framework that gives an even stronger anchor to India’s public finances,” Georgieva said.

According to Georgieva India has taken “a very brave step with the digital ID” that put the foundation for digitalization on the scale we see today. And COVID played the role of a trigger for advancing digitalization because it made it both necessary and possible to deliver public support to households and to businesses using digital platforms, she noted.

“What is unique about India is the fact that this public digital infrastructure is built in a very agile and welcoming manner. So private initiatives can tap into this public infrastructure and benefit themselves as well as support growth and employment in India. What is replicable is this concept of open, holistic approach to digitalization using key building blocks.

“And of course, India’s G-20 presidency provides an opportunity for India to share this experience, more broadly, especially with the developing world, so other countries can leapfrog the way India, did it with this thoughtful approach to digitalization,” she said.

Responding to a question, she said what the international community has learned through the shocks of the pandemic of the war in Ukraine is that countries with strong fundamentals withstand these shocks much better, the same way people with strong immune systems have been withstanding the heat of Covid-19.

“What it means for India is to continue to build this strong fundamental. What we have seen in the last year is great progress in revenue collection. The fact that India worked on their tax administration, persevered with the goods and services tax and is starting to broaden the personal income tax, made it a much more effective and fiscally better position country.

“I cannot praise enough what India is doing to open up space for entrepreneurs. That is visible in the digital space. India put in place public digital infrastructure that is so well attuned for private initiatives to blend in to take advantage of this infrastructure,” she said.

The results are not only impressive for India but also have generated interest from other countries as well. “And last but not least, India does have young population. 15 million people are added to the labour force every year. When you have strong investment climate that generates jobs, that is a great advantage. And India has underutilized in the past, its women. Prime Minister Modi is very clear. Women can be a fabulous driver for India’s growth,” she said.

“And what is being done there? I can only say that is the direction to travel, make sure that the legal framework is advantageous for women to participate in the labour force. That access to education for women is the same as for men. That there is a lot of attention paid to security, so women can go to work,” Georgieva said.

Then she gave a personal experience in India. “I had a chance in Mumbai to ride in a woman-only car on a train. Women told me that the safety provided to them makes a huge difference. They go to work; they go to study. So many of the reforms in India go in a direction of taking advantage of the strength of the Indian economy, youthful population, and reservoir of talent for innovation.”

(Financial Express, 23/2/2023)

### **India on cusp of returning to high growth trajectory, will become world’s third largest economy by 2027-28: Arvind Panagariya**

Currently, India is the fifth largest economy “so it’s another five years. We are already in (the year) 2023. So 2027-28, India should be the third-largest economy,” Panagariya, Columbia University Professor and former Vice Chairman of NITI Aayog, told PTI in an interview here.

Eminent economist Arvind Panagariya has said India is on the cusp of returning to a high growth trajectory and voiced confidence that the country will become the world’s third-largest economy by 2027-28. Currently, India is the fifth largest economy “so it’s another five years. We are already in (the year) 2023. So 2027-28, India should be the third-largest economy,” Panagariya, Columbia University Professor and former Vice Chairman of NITI Aayog, told PTI in an interview here.

A day before Finance Minister Nirmala Sitharaman presented the Union Budget on Wednesday, the Economic Survey tabled in Parliament pegged India’s GDP growth at 6.5 per cent in 2023-24. The International Monetary Fund’s World Economic Outlook update Tuesday said growth in India is set to

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“decline from 6.8 per cent in 2022 to 6.1 per cent in 2023 before picking up to 6.8 per cent in 2024, with resilient domestic demand despite external headwinds.” Last week, the UN said in its flagship World Economic Situation and Prospects 2023 report that India is projected to grow at 6.7 per cent in 2024, the fastest-growing major economy in the world.

Panagariya said his reading of the Economic Survey is that the “narrative that comes across tells the story of a much stronger economy” than the one that is growing at 6.5 per cent. “My sense is that given where India stands currently, it should get back to 7% plus kind of growth rate,” he said. He added India is currently in a spot that it was in 2003 when the growth rate picked up to close to about 8 per cent and the country sustained that kind of rate for a few years.

Outlining his reasons for high growth ahead, he said several reforms have been implemented and weaknesses in the economy have been cleaned up during the COVID pandemic such as non-performing assets of banks and weak balance sheets of many of the big corporates. Noting that balance sheets of banks and corporates are now pretty sound, he said “this is reflected in the investment proposals and investment commitments that are being made by many of the large corporates.” “We’re seeing this surge in both public and private investments, the fact that policy reforms have happened, lots of infrastructure has been built up. And the fact that there is an effective government in place, very credible (government),” Panagariya said.

“A government which realises its strengths and which is I think the reason you don’t see a whole lot of populism in the budget, even though this is the last full budget before parliamentary elections, tells you and makes me feel that India is on the cusp of returning to a high growth trajectory,” he said. India heads into general elections in 2024.

Panagariya added that India will “certainly remain” the fastest-growing major economy for several years to come. He projected that India would maintain about a 7 per cent growth rate over these years and if the country takes measures to open up the economy further, particularly on the trade front with liberalisation requiring “a good bit of knocking down of the customs duties”, then “we could get to easily 8 per cent.” He said the “rest of the strengths” for achieving this growth are present in the system. Some of the reforms that are ongoing need to be implemented, for instance, the labour law reform.

“If we can do that, I absolutely have no doubt that we would sustain 7% and could in principle, I think, touch 8 per cent.” Referring to the announcements in the budget, he said his expectations were “fully met”. On fiscal consolidation, the debt to GDP ratio had escalated to about 84 per cent as it stands currently after COVID because expenditures had to be raised at the time and revenues took a hit, which led to very large fiscal deficits, leading to the accumulation of debt, he said. “So we needed to get back to consolidation and the Finance Minister has made a good effort in that direction.” The revised estimate for 2022-23 for the fiscal deficit is at 6.4 per cent and the estimate for 2023-24 is now placed at 5.9%.

“It’s a modest reduction in the fiscal deficit. But given the other features of the budget, I personally think that even that modest reduction in the deficit carries a good signal,” Panagariya said. He added that the Modi government has been very successful at implementing infrastructure projects on scale and at speed. The government has raised capital expenditure to 3.3 per cent of GDP, as against 2.9 per cent of GDP this past year. “This is really a major increase,” he said.

Sitharaman announced hiking the capital expenditure by 33 per cent to Rs 10 lakh crore for infrastructure development for 2023-24 and will be at 3.3 per cent of the GDP. Panagariya said he had been suggesting that it was time to get the reform of personal income taxation because the country had made reasonably good progress on corporate profit tax reform, bringing the tax rates down to over 25 per cent.

“So this (personal income tax) was a long-awaited reform and a big one so I am very pleased with that,” he said. Finance Minister Sitharaman said the government has made the new income tax regime more attractive for taxpayers and has thus brought about substantial changes in its structure for the benefit of the middle class.

The Budget 2023-24 has proposed changes in the optional tax regime, which was introduced in 2020-21. As per the changes proposed in the Budget, no tax would be levied on people with an annual income of up to Rs 7 lakh under the new tax regime but it made no changes for those who continue in the old regime that provides for tax exemptions and deductions on investments and expenses such as HRA.

(Financial Express, 2/2/2023)

### **Germany's Scholz committed for Free Trade deal between India, EU**

#### Synopsis

For the EU, a free trade agreement with India would fit its strategy of increasing engagement with the Indo-Pacific region, where the bloc is targeting bilateral deals to take advantage of expected higher economic growth. The deal could also act as a counterbalance to China's growing influence in the region.

German Chancellor Olaf Scholz said on Saturday that he and India's Prime Minister Narendra Modi were committed to sealing a free trade deal between India and the European Union (EU).

"It's an important topic and I'll get personally involved," Scholz said after his meeting with Modi in New Delhi.

The EU and India revived negotiations to forge a free trade agreement last year with the aim of completing talks by the end of 2023.

For the EU, a free trade agreement with India would fit its strategy of increasing engagement with the Indo-Pacific region, where the bloc is targeting bilateral deals to take advantage of expected higher economic growth. The deal could also act as a counterbalance to China's growing influence in the region.

Scholz met Modi a day after the first anniversary of Russia's invasion of Ukraine. His visit along with a large business delegation highlighted Delhi's growing importance to Western powers seeking backing for their opposition to Moscow's war.

"The war has been going on a full year now. It's a horrible war with much destruction... It is a big catastrophe," he said.

"The world is suffering from this aggression... but we will do everything we can so that the world remains a good place," he said adding that cooperation between India and Germany was "very, very important".

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Editor: **Secretary General**



Modi has been seeking to steer an ongoing Group of 20 meeting away from discussion of the war in Ukraine. His government has not openly criticised Moscow for the invasion and instead called for dialogue and diplomacy to end the war.

India has also sharply raised its purchases of oil from Russia, its biggest supplier of defence hardware, although prices have fallen. Modi said India and Germany were committed to realising their untapped potential in sectors such as security and defence cooperation.

Scholz is also set to push hard for a \$5.2 billion deal to sell India six conventional submarines, though this latest attempt by a Western military manufacturing power to wean New Delhi away from its dependence on Russia for military hardware is not expected to yield an immediate result.

Germany's pivot to India is particularly stark, given that close economic ties to China, the main buyer of German machine tools, and Russia, its key energy supplier, have played in German prosperity over the past 15 years.

While one of the stated goals of the lightning trip is to improve economic ties, officials are mindful of the need to press what will soon be the world's most populous country into opposing Russia's invasion, even if a severing of India's economic ties with Moscow is not on the table.

"I'm convinced that our countries are closely linked, that we have common views, especially when it has to do with democracy," said Scholz.

Many in the Global South see Western complaints about the invasion as hypocrisy, given their long history of military interventions around the world, and fear disrupted supply chains and inflation will cause hunger and famine.

Scholz last met Modi at a June summit of the Group of Seven industrial powers, to which he invited the Indian leader as part of outreach efforts that have become more urgent as concerns grow that China may step up its political support for Russia.

While China is one of Germany's most important trading partners, the invasion brought home to many in Germany's business community the lack of diversification in the supply chains on which they rely, lending new urgency to efforts to boost exposure to a huge potential market.

Scholz said the investments of the 1,800 German companies already in India should be increased.

Despite the interest, regulation and trade barriers make India a tough market for German companies to crack. The two leaders also discussed climate change and members of the business delegation signed agreements in wind, solar energy and green hydrogen sector.

(Economic Times, 26/2/2023)

### **I will get personally involved: German Chancellor Olaf Scholz on India-EU FTA**

#### Synopsis

"We want to further deepen trade relations between the European Union and India and this is why we speak strongly for the free trade agreement. It is an important topic and I will get personally involved to ensure that this does not drag on," he said.

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German Chancellor Olaf Scholz on Saturday underlined the importance of the proposed free trade agreement (FTA) between India and the European Union for boosting two-way trade and said he will personally get involved to see its early fruition. After holding wide-ranging talks with Prime Minister Narendra Modi, Scholz said the finalisation of the FTA and the investment protection pacts will contribute significantly to expand India-Germany trade as well.

The German Chancellor said he and the Indian prime minister are committed to finalising the deal.

"We want to further deepen trade relations between the European Union and India and this is why we speak strongly for the free trade agreement. It is an important topic and I will get personally involved to ensure that this does not drag on," he said.

Scholz said over 1,800 German companies are operating in India and have provided thousands of jobs.

"India has so much talent to offer and we want to benefit from that cooperation. We want to recruit and attract that talent in Germany. The development of IT and software is booming in India," Scholz said.

He also said Germany wants deepening of trade relations between India and Europe.

In his media statement, Modi said Germany is also an important source of investment in India along with being its largest trading partner in Europe.

"Today, due to 'Make in India' and 'Aatmanirbhar Bharat' campaign, new opportunities are opening up in all sectors in India. The interest shown by Germany in these opportunities is very encouraging for us," Modi said.

Separately, Modi and Scholz interacted with top executives from Indian and German companies to discuss ways to deepen economic ties.

The focus areas for mutual cooperation include digital transformation, financial technology, IT and telecom.

"Held productive talks with Chancellor @OlafScholz. Our talks focussed on ways to boost India-Germany cooperation and further augment trade ties. We also agreed to deepen ties in renewable energy, green hydrogen and biofuels. Security cooperation was also discussed," Modi tweeted.

"Chancellor @OlafScholz and I met top CEOs to discuss ways to strengthen economic relations between our nations. Sectors like digital transformation, FinTech, IT and Telecom featured prominently in the meeting," he said.

India and Germany also unveiled a vision document to enhance cooperation in areas of innovation and technology. It said India and Germany recognise the close ties that have been nurtured through the decades, reaffirmed in 2022 by the India-German Green and Sustainable Development Partnership (GSDP), and acknowledge the positive and proactive roles of the governments, institutions, academia and industry on both sides.

After his talks with Modi, the German Chancellor also visited Rajghat and paid his respects to Mahatma Gandhi by laying a wreath.

(Economic Times, 26/2/2023)

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Editor: **Secretary General**

## **Services exports to cross \$300 bn this fiscal; \$1 trillion achievable by 2030: SEPC**

### Synopsis

According to the data of the commerce ministry, the estimated value of services export in April-January 2022-23 is USD 272 billion as compared to USD 206.28 billion in the year-ago period. In 2021-22, these exports touched an all-time high of USD 254 billion. IT and ITeS accounts for 40-45 per cent share in the exports. It is followed by travel and tourism, education, and financial services like banking, and accountancy.

Services exports are recording a healthy growth rate and going by this trend, the outbound shipments will cross USD 300 billion in 2022-23, and tapping global opportunities would help achieve USD one trillion target by 2030, SEPC said on Sunday. Services Export Promotion Council (SEPC) Director General Abhay Sinha said support measures in the forthcoming foreign trade policy (FTP) would help further boost the exports.

Performance of sectors including IT, ITeS, tourism and healthcare is helping the exports register significant growth rates, he said.

"Going by the current growth rate, the services exports will cross USD 300 billion this fiscal," Sinha said.

According to the data of the commerce ministry, the estimated value of services export in April-January 2022-23 is USD 272 billion as compared to USD 206.28 billion in the year-ago period. In 2021-22, these exports touched an all-time high of USD 254 billion.

IT and ITeS accounts for 40-45 per cent share in the exports. It is followed by travel and tourism, education, and financial services like banking, and accountancy.

Developed countries are contributing maximum share in these exports, he said adding Commonwealth of Independent States (CIS) countries holds huge potential to increase the exports.

"Export support measures will help in enhancing competitiveness of the sector and free trade agreements with the UAE and Australia are helping explore new markets and increase shipments," Sinha said.

He said the USD one trillion target by 2030 is not ambitious and the industry can achieve this with the help of the government.

(Economic Times, 27/2/2023)

## **Budget 2023: A focus on growth and transition path to a \$7-trillion economy**

### Synopsis

Sustained growth will be facilitated by rising capital spend outlays; underlying assumptions of growth, revenue receipts leave room to absorb impact of potential reversals.

The budget grasped the opportunity to consolidate India's macroeconomic fundamentals. Even as developed economies slow down in 2023, India is likely to remain a bright spot, with falling inflation and robust growth. The prudence demonstrated over the past couple of years by the budgets - in

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conjunction with a finely tuned monetary policy - has helped India's economy emerge relatively unscathed despite a series of public health and economic shocks.

The budget faced an even more difficult exercise this year - balancing multiple objectives when the global environment may remain challenging. Underlying assumptions of growth and revenue receipts are realistic, with nominal GDP growth assumed at 10.5% (down from 15.4% in FY23), leaving room to absorb the impact of potential reversals.

It eschewed unwarranted fiscal stimulus. India's economy is resilient. The index of 8 core economic sector grew 7.4% in December, led by electricity consumption. GST collections in January 2022 were ₹1.56 lakh crore, one of the highest, indicative of robust activity.

The Centre remains committed to the glide path for reducing fiscal deficit to 4.5% in FY26; it is budgeted at 5.9% of GDP (from 6.4% for FY23). Relatively modest market borrowing of ₹15.4 lakh crore (lower than consensus estimates) will also ease pressure on the sovereign yield curve, helping sustain credit demand.

Sustained growth will be facilitated by rising capital spend outlays, which will include transfers and incentives to states' investment projects, given the larger multipliers versus revenue spends. Higher spends on investment have been a hallmark of the past three budgets. Capex outlay was increased 33% to ₹10.1 lakh crore from ₹7.5 lakh crore. Effective capex, including grants in aid to states for capital projects, is ₹13.7 lakh crore (4.5% of GDP). Support to states' infrastructure programmes was increased to ₹1.3 lakh crore.

Infrastructure continues to remain a priority for sustained growth. Initiatives for incentivising cities and municipal bodies in Tier 2 and 3 towns to raise resources via municipal bonds, with ringfenced urban development funds, hold the promise of developing an important financing channel.

Complementing large projects, efforts for MSMEs - the engine sustaining India's growth and jobs over the next decade - in accessing credit continue. The ₹9,000 crore allocated is expected to induce additional credit flows of ₹2 lakh crore.

This budget is about creating an environment for the transition path to India's economy reaching the \$7-trillion milestone by 2030, by boosting private sector investment.

Significant institutional changes, rationalisation of input markets, R&D outlays in priority sectors and diffusion of digital public goods infrastructure to reach the last mile are needed to complement budgetary initiatives.

(Economic Times, 2/2/2023)

### **India in talks with 4 semiconductor companies to set up fabs here: Report**

Among the companies that have shown interest are New York-based GlobalFoundries and a 'major' Korean semiconductor firm.

Four global semiconductor companies are in talks with the Centre to set up fabs in India, a report in the Economic Times (ET) said. The Centre is also likely to invite a second round of applications for setting up such a facility under the \$10 billion incentive package by mid-March.

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Among the countries that have shown interest are New York-based GlobalFoundries and a "major" Korean semiconductor firm.

"Apart from applications that the government has at this point, there are four large opportunities, which are in the final stage. So, as and when we open the second window, they will come," a person aware of the matter told ET.

The Centre invited proposals for setting up semiconductor facilities in India last year. In December 2021, it announced a \$10 billion package to incentivise the manufacturing of chips in India. The India Semiconductor Mission (ISM) was made the nodal agency of the program.

The Centre is offering a 50 per cent subsidy on fab units, and states are offering a 10-25 per cent subsidy over and above the central share.

In the first round of applications, five companies had shown interest in setting up chip factories in India. This included three proposals for chip manufacturing, including by the International Semiconductor Consortium (ISMC) consortium led by Abu-Dhabi-based Next Orbit Ventures. The other two applicants are Singapore-based IGSS Ventures and the Vedanta-Foxconn combine. Rajesh Exports and Vedanta-Foxconn proposed to set up display fabs.

Out of these, ISMC, IGSS Venture and Rajesh Exports are unlikely to get the approval, sources told ET.

The report added that the Centre is keen to have Taiwan's Foxconn set up a manufacturing plant in India. Moreover, it wants Foxconn to take the lead in its venture with Vedanta.

(Business Standard, 10/2/2023)

### **Norway supports India's initiative on multilateralism & rule-based trade: Trade Minister**

#### **Synopsis**

"That's an initiative our government supports 100 per cent and we also appreciate your leadership at G-20 and that you are so focussed on multilateralism and that we need rules-based trade system," Vestre said in an interview.

Norway's Trade and Investment Minister Jan Christian Vestre has stated that his country fully supports India's efforts in promoting multilateralism and a rules-based trade system. The minister praised the Indian government's leadership at the G-20 and highlighted the importance of continuing the process of globalization.

"That's an initiative our government supports 100 per cent and we also appreciate your leadership at G-20 and that you are so focussed on multilateralism and that we need rules-based trade system," Vestre said in an interview.

The Norwegian minister, who was here on a two-day visit to India last week, said that some countries are turning away from the path of globalization.

"We see now that some countries are turning in different directions but it is very important now that we continue this process of globalization-free trade, sharing is caring and that will be beneficial for all of us

so all the initiatives from the Indian side that can promote this approach to how should we organize our world will have full support from Norwegian side," the minister emphasised.

He spoke highly of the 2nd India-Nordic summit which held last year, calling it a great success. He expressed pride in the joint statement made by India's Prime Minister Narendra Modi and the five Nordic prime ministers, which he sees as a testament to the strong ties between the two regions.

"We really hope we can gather the prime ministers again, hopefully, next time in Norway, because another thing we will follow up on right now," he added.

The minister stated that he feels that the ties have "never been stronger than now" and there is a huge momentum driving them forward with "more close cooperation" in various areas, including the maritime industry, hydrogen, renewable energy, batteries, rare earth minerals, technologies, and innovations.

Trade between India and Norway has doubled in the last three years, and the minister stated that there is huge potential for even more cooperation in the years to come.

"It is very important to connect companies from India with firms from Norway so that they can work more closely together, exploring new technologies, do common projects and there is a need to increase common investment. And there are a lot of things we can share such as competence, knowledge, and experience," he underlined.

India and Norway have decided to follow up on their initiatives in the areas of fuel cell technologies, green ammonia, hydrogen, and charging infrastructure with "specific action plans," with the aim of translating their discussions into tangible actions.

(Economic Times 12/2/2023)

### **India, UK finance ministers agree to make further progress on FTA**

#### Synopsis

"At a meeting with Indian Finance Minister Nirmala Sitharaman, both sides agreed to make further progress on the UK-India Free Trade Agreement and deepen bilateral economic and financial ties," the Treasury department said in a statement.

India and the UK have agreed to make further progress on the ongoing negotiations for a free trade agreement (FTA) and also to swiftly organise the next bilateral Economic and Financial Dialogue soon, the British government said on Saturday. At the conclusion of UK Chancellor Jeremy Hunt's India visit for the G20 Finance Ministers and Central Bank Governors meeting, held under India's 2023 Presidency, the UK's Treasury department said the finance minister held talks with Indian counterpart Nirmala Sitharaman with a focus on deepening bilateral economic and financial ties.

"At a meeting with Indian Finance Minister Nirmala Sitharaman, both sides agreed to make further progress on the UK-India Free Trade Agreement and deepen bilateral economic and financial ties," the Treasury department said in a statement.

"They agreed to make swift progress on setting up the next UK-India Economic and Financial Dialogue," it said.

Hunt, on his first international visit as UK Chancellor, also met with business leaders in Bengaluru and visited the offices of tech multinational Wipro which employs over 4,000 people in the UK.

"Meeting fellow Finance Ministers face to face is an excellent opportunity to make real progress on the key global economic issues of our time," said Hunt.

"I first visited India 38 years ago, and it's been fascinating to see how much the country has changed in this time - there are positive lessons to be learnt from their successful rapid development.

"It's been great to hear from Indian technology business leaders here in Bengaluru how they are pushing the country's economy forward, and I look forward to further collaboration between India and the UK as we continue to trade and create jobs - delivering on the government's plan to grow the economy," he said.

The Chancellor, alongside Bank of England Governor Andrew Bailey, attended a meeting of G7 Finance Ministers and Central Bank Governors on Thursday. They were joined virtually by Ukrainian Finance Minister Serhiy Marchenko.

"Their statement sent a strong message of condemnation for Russia's war of aggression against Ukraine, announced an increase of financial support for the Ukrainian government to a total of USD 39 billion in 2023 and committed to continue supporting vulnerable countries hardest hit by the economic impact of the war," the Treasury said.

On Friday, the UK announced a fresh wave of internationally coordinated sanctions and trade measures, to "further restrict Russia's capability to wage war in Ukraine both now and in the future".

At the first G20 Finance Ministers and Central Bank Governors meeting under the Indian Presidency, Hunt condemned "Russia's brutal acts" in the strongest terms, emphasising that securing peace was the most important action for global growth.

According to the UK government, the senior Cabinet minister also underscored the need for bilateral official creditors and private sector to urgently help address low and middle-income country debt vulnerabilities in developing countries.

The minister emphasised the importance of multilateral development banks boosting lending from their existing balance sheets and called on the G20 to fulfil its pledge to channel USD 100 billion of IMF Special Drawing Rights in support of developing countries.

"The Indian Presidency issued a Chair's statement at the end of the meeting which highlighted, among other things, the continued need to fight inflation, and the importance of supply-side policies, especially those that increase labour supply, boost growth and alleviate price pressures.

"There was also G20 consensus, including China, on the need for swift resolution of existing debt restructuring cases and to work on the impacts of food and energy insecurity on the global economy," the Treasury said.

While in Bengaluru, the UK Chancellor is also said to have had "productive bilateral meetings" with US Treasury Secretary Janet Yellen, Federal Reserve Chairman Jerome Powell, French Minister of Economy and Finance Bruno Le Maire and Kristalina Georgieva, Managing Director of the International Monetary Fund (IMF). He also met with Australian Treasurer Jim Chalmers.

While speaking at the meetings, the Chancellor is said to have set out the UK government's intention to protect the most vulnerable from cost-of-living pressures, whilst maintaining fiscal sustainability with debt falling and not adding to inflationary pressure.

He added that the upcoming Spring Budget of the Rishi Sunak-led government on March 15 will "drive economic growth, focusing on skills, business and infrastructure investment and research and innovation, as well as reviewing regulations of the UK's key growth industries".

(Economic Times, 26/2/2023)

### **India-UK FTA talks progress encouraging, says British industry expert**

#### Synopsis

Syma Cullasy-Aldridge is the Chief Campaigns Director at the Confederation of British Industry (CBI) and has just returned after leading the group's first-ever business delegation to New Delhi and Mumbai aimed at unlocking opportunities of a potential FTA.

At the conclusion of the seventh round of India-UK free trade agreement (FTA) negotiations and ahead of the eighth round scheduled in New Delhi next month, a senior industry expert in the UK believes there are encouraging signs of appetite on both sides to agree a deal and fully utilise its benefits. Syma Cullasy-Aldridge is the Chief Campaigns Director at the Confederation of British Industry (CBI) and has just returned after leading the group's first-ever business delegation to New Delhi and Mumbai aimed at unlocking opportunities of a potential FTA.

The Indian-origin campaigns chief for the industry body, which speaks on behalf of 190,000 UK businesses of all sizes and sectors, described the visit as "really, really brilliant" in highlighting the immense scope for partnership and collaboration across key sectors.

"What really struck me was the opportunity and appetite on both sides for collaboration and partnership around key sectors like green finance, innovation and new technology - areas where there are skills and education on both sides," said Cullasy-Aldridge.

"The seventh round was on here while we were in India. It's encouraging to see negotiations progressing and also encouraging to see appetite on both sides to make sure that we do agree [a trade deal] and then utilise it well," she said.

The last round of talks concluded on February 10.

Cullasy-Aldridge highlighted a recent Cabinet mini-shuffle by British Prime Minister Rishi Sunak which brought the government's trade and business departments together under Secretary of State Kemi Badenoch and termed it a "really good thing".



"It means that you're looking at trade from a business perspective, having business working hand in hand with trade. That is a good thing because then you have better outcomes," she said.

"We have an opportunity [post-Brexit] to forge our own trading relationships. There's a big global Britain ambition and India is the fastest growing economy in the world. There's opportunity for the UK to partner with India on that growth story," she added.

According to the CBI, an India-UK FTA could boost trade with India by 28 billion pounds a year by 2035 and increase wages across the UK by 3 billion pounds. Its trade delegation earlier this month was very much focussed on the utilisation aspect of such a potential pact by businesses.

"The UK is obviously looking to take advantage in a post Brexit world of new trading opportunities and one thing that COVID taught us was that you need to diversify your supply chains, and everybody around the world knows that now," said the executive, who has previously worked within the UK government's business department.

"Supply chains are incredibly complicated things and so, of course, it will take time. Meanwhile, we're very much up for working with the government to help with trade agreement utilisation because these shifts will happen more effectively through engagement with business," she said.

She pointed to opportunities over India's G20 presidency and the corresponding B20 - or business segment - being led by the Confederation of Indian Industry (CII).

Asked about hurdles that CBI foresees in the way of an FTA which has already missed a Diwali 2022 deadline for completion due to political upheavals in the UK, Cullasy-Aldridge said there would always be some hurdles in any trade negotiation, asserting that they are "incredibly complicated legal documents".

"So, it's important to take the time to get them right. But I'm actually more interested in utilisation - how companies will use the trade deal once it is in place. And that's why things like trade delegations are so important, because it's about businesses on both sides understanding the opportunities so they know how they can make the most of it," she said.

Official UK government data pegs India-UK bilateral trade at around 29.6 billion pounds a year, a figure expected to receive a major boost with an FTA both sides hope can be concluded this year.

(Economic Times, 20/2/2023)

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