



### **IMF cuts FY24 India growth forecast to 5.9% as global banking crisis weighs**

Projection of 5.9% is among the lowest; retail inflation expected to ease to 4.9%

The International Monetary Fund (IMF) on Tuesday slashed its economic growth forecast for India by 20 basis points (bps) to 5.9 per cent for 2023-24 (FY24), citing lesser scope for pent-up demand due to historical revisions to data. This is the lowest growth forecast for India by any multilateral development bank, with the World Bank and the Asian Development Bank forecasting gross domestic product (GDP) growth at 6.3 per cent and 6.4 per cent respectively.

In its latest bi-annual World Economic Outlook, the IMF projected India's retail inflation to ease to 4.9 per cent in FY24 from 6.7 per cent in FY23, and the current account deficit to come down to 2.2 per cent of GDP from an estimated 2.6 per cent a year ago. In purchasing power parity terms, India's growth in per capita output is set to decelerate to 4.9 per cent in FY24 from 5.8 per cent in FY23.

Maintaining that India remains one of the bright spots in the global economy right now, Daniel Leigh, division chief, research department at the IMF, said the cut in India's growth forecast was due to "a set of historical revisions".

"We realised that 2020 and 2021 have actually been a lot better than we thought. So actually there is less room for catching up, and that pent-up demand from consumption, which was informing our previous forecast, is therefore going to be less because they have already had more catching up before," Leigh said.

"That's why there is the downward revision this year (FY24) and then we go up to 6.3 per cent next year (FY25) — again very strong economic growth, which is necessary to allow India to continue to converge towards higher living standards and create those jobs that are necessary," he added.

In February, the National Statistical Office revised upward its growth estimates for FY21 and FY22 to -5.8 per cent and 9.1 per cent respectively from -6.6 per cent and 8.8 per cent estimated earlier, signifying that the Covid-19 pandemic had lesser debilitating impact on India's economic growth trajectory.

The IMF has projected that global growth will bottom out at 2.8 per cent in 2023 -- a tad lower than earlier estimate -- before rising modestly to 3 per cent next year.

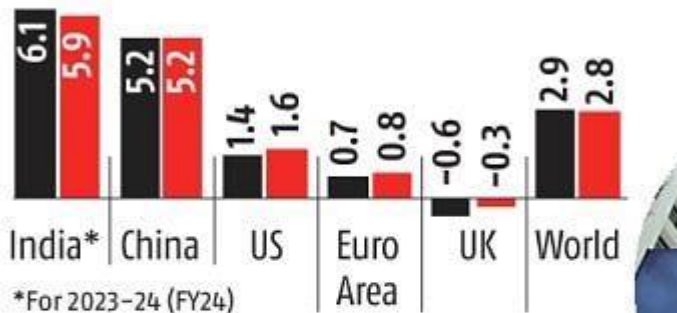
IMF Chief Economist Pierre-Olivier Gourinchas said while the global economy's gradual recovery from both the pandemic and Russia's invasion of Ukraine remained on track, the situation was fragile, highlighted by the recent banking instability. "China's reopened economy is rebounding strongly. Supply

chain disruptions are unwinding, while dislocations to energy and food markets caused by the war are receding,” he said.

However, Gourinchas said stronger-than-expected demand might require monetary policy to tighten further or to stay tighter for longer. “Monetary policy needs to stay focussed on price stability. If at this point, central banks were to pivot away from price stability, then there is a chance that the fight against inflation would not succeed. Inflation expectation would start rising, inflation would be even more persistent, that in itself is a source of macro-economic instability, that would feed even potentially further into financial instability as well. So we would not be gaining on any front,” he cautioned.

## MIXED OUTLOOK

Growth forecasts by IMF for 2023 (In % YoY) ■ Earlier ■ Now



India growth projections for FY24 by key agencies In % YoY

Economic Survey	6.5	S&P	6.0
ADB	6.4	ICRA	6.0
RBI	6.4	India Ratings	5.9
World Bank	6.3	OECD	5.9

Compiled by BS Research Bureau

IMF cuts FY24 India growth forecast to 5.9% as global banking crisis weighs

The IMF warned that a sharp tightening of global financial conditions — a “risk-off” shock — could have a dramatic impact on credit conditions and public finances especially in emerging market and developing economies, with large capital outflows, a sudden increase in risk premia, a dollar appreciation in a rush toward safety, and major declines in global activity amid lower confidence, household spending, and investment. “In such a severe downside scenario, global GDP per capita could come close to falling — an outcome whose probability we estimate at about 15 per cent,” it added.

The report said emerging market economies should let their currencies adjust as much as possible. “Foreign exchange interventions may be appropriate on a temporary basis if currency movements and

capital flows substantially raise financial stability risks—as in the context of shallow foreign exchange markets or high foreign currency debt—or jeopardize the central bank’s ability to maintain price stability,” it added.

(Business Standard, 12/4/2023)

### **India, Germany sign agreement on setting up quality infrastructure**

Two sides to reduce technical barriers to trade and promote innovation and consumer protection.

India’s consumer affairs department and a German ministry signed on Tuesday an agreement on improve quality infrastructure

The work plan was signed at the ninth annual meeting of the Indo-German working group on quality infrastructure in Berlin. “The technical dialogues of the working group address key areas of economic cooperation between the two countries. In addition, they promote systemic harmonisation of quality infrastructure (QI) at an international level,” the department said in a statement.

Nidhi Khare, additional secretary in the department of consumer affairs, and Daniela Broenstrup, Germany’s director general, digital and innovation policy, federal ministry for economic affairs and climate action, during their meeting emphasised the working group’s role in reducing technical barriers to trade and promoting innovation and consumer protection.

The annual meeting was attended by the Bureau of Indian Standards (BIS), the German Institute for Standardization (DIN), the German Commission for Electrical, Electronic & Information Technologies (DKE), other quality infrastructure organisations as well as industry associations including Federation of Indian Chambers of Commerce and Industry (FICCI).

Stakeholders from QI bodies and industry provided insights on current QI developments in Germany and India. “The work plan 2023 is structured along the key elements of QI, including standardisation, accreditation, conformity assessment, legal metrology, product safety and market surveillance,” said the department of consumer affairs.

The work plan addresses topics like harmonised global solutions as well as sector-specific cooperation topics, such as digitalisation (artificial intelligence, cyber security), circular economy, smart farming and machinery safety.

(Financial Express, 29/4/2023)

### **World Bank lowers India FY24 growth forecast to 6.3%**

Synopsis

The finance ministry's Economic Survey has projected economic growth to be 6.5 per cent in the 2023-24 fiscal beginning April 2023, while the RBI has projected India's economic growth to slow down to 6.4 per cent in FY24 from 7 per cent in the previous fiscal.

The World Bank on Tuesday said it has lowered its forecast for India's economic growth in the current fiscal year that started on April 1 to 6.3% from 6.6%.

Asia's third-largest economy recorded year-on-year growth of 4.4 per cent in October-December, down from 11.2 per cent a year back and 6.3 per cent in the preceding quarter.

To tame inflation, India's central bank has raised interest rates by 250 basis points since May.

"Rising borrowing costs and slower income growth will weigh on private consumption growth," the World Bank said in a report.

"Government consumption is projected to grow at a slower pace due to the withdrawal of pandemic-related fiscal support measures."

The World Bank estimated last fiscal year's growth at 6.9%.

It projected the current account deficit to narrow to 2.1% of gross domestic product for the current fiscal year from an estimated 3% in the previous year, on the back of robust service exports and a narrowing merchandise trade deficit.

Spillover from recent turmoil in financial markets in the United States and Europe pose a risk to short-term investment flows to emerging markets, including India, said World Bank economist Dhruv Sharma.

"But Indian banks remain well capitalised," Sharma said.

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S&P Global Ratings recently kept its forecast for India's economic growth unchanged at 6 per cent in the fiscal year starting April 1, before rising to 6.9 per cent in the following year.

In the quarterly economic update for Asia-Pacific, S&P saw inflation rate easing to 5 per cent in 2023-24 fiscal, from 6.8 per cent in the current financial year.

It saw India's gross domestic product (GDP) likely growing by 7 per cent in the current financial year ending March 31 (2022-23), before slowing to 6 per cent in the next 2023-24 fiscal.

"India leads, with average growth of 7 per cent in 2024-2026," the update said.

(Economic Times, 5/4/2023)

### **India's foreign trade set to cross US\$ 1.6 trillion mark this fiscal: Report**

Despite sectoral weaknesses, high trade figures underline the emergence of trade as an important component of the Indian economy, it said.

India's foreign trade is expected to cross the USD 1.6 trillion mark this fiscal despite global economic uncertainties, economic think tank GTRI said in a report.

The Global Trade Research Initiative (GTRI) said the USD 1.6 trillion would be about 48 per cent of India's nominal GDP of USD 3.4 trillion for the fiscal year ending March 2023.

The higher trade-to-GDP ratio also speaks of high trade openness which the country practices, GTRI co-founder Ajay Srivastava said.

According to their analysis of the data by the think tank, the growth rate in the exports of services would be higher than that of goods.

Higher growth rate in services exports compared to the outbound shipments of goods has improved overall performance of India's exports, he said.

India's overall exports of goods and services during April-March 2023 are estimated to reach USD 755 billion, exhibiting a positive growth of 11.6 per cent over the same period last year (April-March 2022).

The report said that India's merchandise exports during the fiscal are likely to increase by about 5 per cent to USD 442 billion. Similarly, services exports are estimated to grow by 22.6 per cent to USD 311.9 billion in 2022-23.

"India's foreign trade (exports and imports of merchandise and services) is estimated to cross USD 1.6 trillion or 48 per cent of India's nominal GDP of USD 3.4 trillion for the fiscal year ending March 2023," it added.

In 2021-22, India's foreign trade stood at USD 1.43 trillion.

Despite sectoral weaknesses, high trade figures underline the emergence of trade as an important component of the Indian economy, it said.

Key sectors which are expected to register healthy growth include basic and processed agriculture products; fish, meat, dairy; petroleum items, chemicals, diamonds, machinery and automobiles.

The top export destinations include the US, UAE, the Netherlands, China, Bangladesh, Singapore, the UK and Germany.

On the outlook for exports during the next fiscal, Srivastava said that 2023 will make most countries turn inward to stay safe from the global headwinds, not of their creation.

"Indian exports will be moderately impacted by weak global demand and recession in large economies but will gain as the domestic economy looks resilient and exports from high growth sectors like electronics are picking up almost for the first time," he added.

Further, the report said that the estimated value of exports of petroleum products and coal this fiscal year would be around USD 98.2 billion, an increase of over 41 per cent.

Similarly, the country's outbound shipments of electronics, and electrical machinery are expected to grow by about 36 per cent to USD 27.4 billion.

The commerce ministry is scheduled to release the trade data for 2022-23 on April 15.

(Financial Express, 3/4/2023)

## **Piyush Goyal assures protection of farmers and dairy sector interests in India-EU free trade agreement**

### Synopsis

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Editor: **Secretary General**

Piyush Goyal said that Italy and France have offered unstinted support for the early conclusion of negotiations for the India-EU trade agreement. During the meetings in Italy and France, he said, India has emphasised about the different economic conditions and per capita income in the two regions. But the kind of business opportunities that India provides for EU businesses are huge and "nobody can provide those in the world", he added.

Piyush Goyal stated that India will prioritize safeguarding the interests of its farmers and dairy sector in the proposed free trade agreement with the European Union. He engaged in discussions with leaders and the private sector to explore ways to strengthen trade and investment ties between India and the host countries. Additionally, the minister attended the India-France business summit held in Paris.

Goyal was on his official visit to Italy and France to hold discussions with leaders and the private sector on ways to further enhance trade and investment ties between the countries.

The union minister said that Italy and France have offered unstinted support for the early conclusion of negotiations for the India-EU trade agreement.

"India has emphasised about the different economic conditions and per capita income in the two regions," he stated.

But the kind of business opportunities which India provides for EU businesses are huge and "nobody can provide those in the world", he added.

"Keeping all this in mind, we would do the FTA... We will protect the interests of farmers and dairy sector... We have done that with UAE and Australia trade pacts also," Goyal has said.

Chief negotiators of India and the European Union (EU) are scheduled to meet from June 19-23 in New Delhi for the fifth round of negotiations.

India and the 27-nation bloc resumed negotiations on June 17 last year after a gap of over eight years on the proposed agreements on trade, investments and Geographical Indications (GI). Top officials at the commerce secretary level would meet in August to review the progress of talks.

India had started negotiations for a trade pact with the EU in 2007 but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits and the movement of professionals.

India's merchandise exports to EU member countries stood at about USD 65 billion in 2021-22, while imports aggregated USD 51.4 billion.

A GI is primarily an agricultural, natural or manufactured product (handicrafts and industrial goods) originating from a definite geographical territory. Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the place of its origin.

"India will not compromise on its interests... that is not possible," Goyal has added.

On the European Union's announcement of imposing carbon tax on certain sectors like metals, he said that the issue is part of the discussion.

India has earlier stated that it is concerned about the European Union's announcement of imposing carbon tax, saying such measures require New Delhi to recalibrate its approach towards a free trade agreement.

The EU is introducing the Carbon Border Adjustment Mechanism (CBAM) from October 1 this year. CBAM will translate into a 20-35 per cent tax on select imports into the EU starting January 1, 2026.

According to a report by economic think tank Global Trade Research Initiative (GTRI), the carbon border adjustment mechanism being implemented by the European Union will have an adverse impact on India's exports of metals such as iron, steel and aluminium products to the EU.

In 2022, India's 27 per cent exports of iron, steel, and aluminium products worth USD 8.2 billion went to the EU.

(Economic Times, 14/4/2023)

### **India, Italy for balanced, fair Indo-EU free trade agreement**

#### Synopsis

The issue came up for discussion in the meeting of Commerce and Industry Minister Piyush Goyal and Italian Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation in Foreign Office Antonio Tajani here on April 12.

India and Italy have discussed progress of talks on the proposed free trade agreement between New Delhi and the European Union (EU) and hope for its early conclusion, the commerce ministry said on Thursday. In January last year, India and the EU resumed negotiations for a free trade agreement, investment protection and Geographical Indications (GI). Italy is a member of the EU.

The issue came up for discussion in the meeting of Commerce and Industry Minister Piyush Goyal and Italian Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation in Foreign Office Antonio Tajani here on April 12.

"The ministers underlined the importance of achieving a free, balanced and fair free trade agreement and hoped that it would be concluded soon," it said.

They also agreed to the convening of the next session of the Joint Commission on Economic Cooperation (JCEC) in Rome in the last week of September.

Tajani suggested the formation of a Joint Working Group in the strategic areas such as space, technology, defence and agriculture to increase cooperation.

Tajani suggested strengthening the parliamentary friendship group diplomacy between the parliaments of the two countries and exploring scope for having a cyber dialogue.

Goyal also emphasised on enhancing the bilateral cooperation in the field of clean energy to achieve sustainability to mitigate the negative impact of climate change.

Goyal is on an official visit here. He is accompanied by a large business delegation which includes Indian industry and exporters from different sectors.

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Editor: **Secretary General**

Meanwhile addressing businesses of India and Italy here, Goyal said that huge investment opportunities are there in India for Italian companies.

On India's exports, he said that India exported goods and services worth USD 676 billion in 2021-22. "We just closed March 31, 2022-23 with an even bigger record of about USD 765 billion."

He expressed hope that the exports would reach USD 2 trillion by 2030.

India-Italy bilateral trade stood at over USD 16 billion in 2022. During April-January 2022-23, India's exports to Italy stood at USD 7.15 billion, while imports aggregated at USD 4.6 billion. The trade gap is in favour of India.

Italy is the 17th largest foreign investor in India, with a cumulative FDI of USD 3.25 billion between April 2000 and December 2022. It accounts for about 0.52 per cent of the total FDI India received during the period.

The main items of Indian exports to Italy are ready-made garments, leather, iron ore, motor vehicles, textiles, chemicals, gems and jewellery. Main imported items include machinery, machine tools, metallurgical products and engineering items.

Around 140 large Italian companies are active in India. Some of the major Italian companies that have invested in India are FIAT Auto, Heinz Italia, Italcementi, Necchi Compressori, Perfetti, Lavazza, ENI, SAI India, Isagro (Asia) Agrochemicals and Piaggio.

Indian companies present in Italy are in sectors such as IT, electronics, pharmaceuticals, automobile, textile and engineering.

The prominent Indian companies operating in Italy include TCS, Wipro, Engineers India Limited, L&T, Mahindra & Mahindra, Ranbaxy, and Raymonds.

(Economic Times, 13/4/2023)

### **India, France discuss progress on India-EU trade pact**

#### Synopsis

Piyush Goyal also said India is looking to buy 2,000 commercial aircraft in the next 10 years and there is a huge opportunity to make commercial aircraft in India to meet domestic and international demand. With the purchase of Rafale and the recent Airbus order, more value has been added to this partnership, he added.

Trade ministers of India and France have held discussions related to the ongoing talks for a free trade agreement between India and the European Union, the commerce ministry said on Wednesday. Commerce and Industry Minister Piyush Goyal was in Paris to attend India-France Business Summit and CEOs roundtable meet. He held bilateral meetings with several CEOs and French minister for Foreign Trade, Economic Attractiveness and French Nationals Abroad Olivier Becht.

"The ministers discussed priority areas related to India - EU FTA (free trade agreement) negotiations where issues related to market access were deliberated," it said.



Goyal also said India is looking to buy 2,000 commercial aircraft in the next 10 years and there is a huge opportunity to make commercial aircraft in India to meet domestic and international demand.

With the purchase of Rafale and the recent Airbus order, more value has been added to this partnership, he added.

In January last year, India and the EU resumed negotiations for a free trade agreement, investment protection and Geographical Indications (GI).

Becht mentioned that bilateral trade was USD 15.1 billion in 2021-22, doubled in the last decade; and foreign direct investment (FDI) has been USD 10 billion from France which is a top foreign investor in India.

There is a will from French companies to invest in India, he added.

Goyal highlighted that by breaking language barriers trade can further be expanded. He also invited the French minister to India along with the French community on the sidelines of G20 Trade Ministers meet in August 2023.

Goyal also addressed a CEOs roundtable meet on April 11.

More than 50 CEOs from Indian and French companies participated at the roundtable. Sectors such as agriculture, tourism, defence, manufacturing, pharmaceuticals, textiles, aerospace were represented at the meet.

Along with both the ministers, perspectives were shared by Ambassador of India to France Jawed Ashraf; Vice-President, CII and Chairman & Managing Director, ITC Sanjiv Puri; Executive Director, International Energy Agency Faith Birol; and CEO, Danone Antoine de Saint-Affrique.

(Economic Times, 13/4/2023)

### **India, Denmark exchange views on G20 presidency, India-EU FTA, Ukraine**

India, Denmark exchanged views on multilateral, regional issues including India's G20 presidency, India-EU Free Trade Agreement, Ukraine, Indo-Pacific, co-operation at the UN, and climate change.

India, Denmark on Saturday exchanged views on multilateral, regional issues including India's G20 presidency, India-EU Free Trade Agreement, Ukraine, Indo-Pacific, co-operation at the UN, and climate change.

The two sides during the 7th round of India-Denmark Foreign Office Consultations (FOC) in Copenhagen on Saturday, undertook a comprehensive review of their bilateral relations, acknowledged that bilateral relations have grown significantly and have benefited from the signing of the first-of-its-kind Green Strategic Partnership in September 2020, according to a Ministry of External Affairs (MEA) release.

The consultations were co-chaired by India's MEA Secretary (West) Sanjay Verma and Denmark's State Secretary for Foreign Policy, Ministry of Foreign Affairs Jesper Moller Sorensen. The last round of FOC had taken place in 2009 in New Delhi.

During the 7th foreign office consultations, discussions were held on progress made to implement the Joint Action Plan and sectoral cooperation in the areas of Renewable Energy including Offshore Wind, Water Management, Smart Cities, Green Shipping, Health, Dairy and Animal Husbandry.

Both sides noted the progress on the setting up of the Smart Laboratory on Clean River Water in Varanasi.

The two countries appreciated that bilateral trade in goods and services had exceeded USD 6.64 billion in 2022 and agreed to diversify their trade and investment. Over 200 Danish companies are present in India and have been working in various areas such as wind energy, shipping, consultancy, food processing and the engineering sector while around 60 Indian companies, mainly in the IT, life sciences and clean-tech, renewable energy and engineering sectors, have a growing presence in Denmark.

The two sides agreed to continue high-level political exchanges and to hold the next round of the Joint Commission Meeting at Foreign Minister's level in New Delhi at mutually convenient dates, according to the MEA press release.

As per the official release, there have been several high-level engagements between India and Denmark in recent years. Prime Minister Narendra Modi visited Denmark in May 2022.

Crown Prince Frederik and Crown Princess Mary of the Kingdom of Denmark recently visited India from February 26- March 2, 2023. Prime Minister Frederiksen paid a State Visit to India in October 2021, being the first Head of Government to visit India since the onset of the Covid-19 pandemic.

India-Denmark Foreign Office Consultations were held in a friendly and warm atmosphere. It was agreed to hold political consultations at regular intervals.

(Business Standard, 1/4/2023)

### **Services exports may reach USD 400 bn during 2023-24: SEPC**

#### Synopsis

Buoyed by a significant jump in exports during 2022-23, Services Export Promotion Council (SEPC) on Wednesday said the healthy growth trend will continue and shipments are expected to reach up to USD 400 billion this fiscal. During 2022-23, the country's services exports rose by 42 per cent to USD 322.72 billion from USD 254 billion in 2021-22, according to provisional data from the commerce ministry.

Buoyed by a significant jump in exports during 2022-23, Services Export Promotion Council (SEPC) on Wednesday said the healthy growth trend will continue and shipments are expected to reach up to USD 400 billion this fiscal. During 2022-23, the country's services exports rose by 42 per cent to USD 322.72 billion from USD 254 billion in 2021-22, according to provisional data from the commerce ministry.

"The services sector had targeted USD 300 billion but accomplished USD 322 billion. Subject to the final data we might touch USD 350 billion in 2022-23 and based on the current trend and the continuing growth our estimate is around USD 375 billion to USD 400 billion for 2023-24," SEPC Chairman Sunil H Talati told PTI.

Sectors that contributed to the services exports growth during the last fiscal include travel, transport, medical, and hospitality, he said.

He added that the council has been working tirelessly in collaboration with the government to catapult services sector growth with business delegations, B2B meets, and market specific initiatives.

"Export of IT and IT enabled services is going strong and is highly likely to maintain the growth momentum. Travel sector is catching up soon. The post-pandemic economic recovery has created increasing demand for goods and services from foreign markets, the stabilization of freight charges and the normalization of supply chains are positive developments for the transport sector," he said.

The business services such as engineering, architecture, legal and accounting services as well as research and management consulting services stand to benefit leveraging the opportunities presented by the government initiatives.

He also said that as for the key export destinations, India's service exports have historically been concentrated in North America and Europe, but there is also significant potential for growth in emerging markets such as Asia, Africa, and Latin America.

"Diversification of export destinations can help to reduce dependence on traditional markets and open up new opportunities for service exports," the chairman said.

Talati said that certain incentives are necessary to further push the growth rates.

"For example, Gaming, entertainment can perform very well with the right aid by the government. This can help them be price and delivery competitive and tap into international markets. So the government can think of providing incentives for growth. For various services silos in the services sector. These key steps can help exports reach a wider global audience," he added.

(Economic Times, 20/4/2023)

### **Free Trade Agreement negotiations are going on with United Kingdom, EU and Canada: Nirmala Sitharaman**

#### Synopsis

This confirmation comes at a time when a recent report suggested that the FTA talks between the two countries are suspended over the UK's failure to denounce vandalism by Khalist supporters outside the Indian High Commission in London last month.

Union Finance Minister Nirmala Sitharaman on Monday (local time) while speaking at the Peterson Institute for International Economics (PIIE) on Free Trade Agreements in Washington said that FTAs are being signed in a much "faster" way nowadays and also informed that the India-UK Free Trade Agreement (FTA) negotiations are "going on as we speak."

This confirmation comes at a time when a recent report suggested that the FTA talks between the two countries are suspended over the UK's failure to denounce vandalism by Khalist supporters outside the Indian High Commission in London last month.

"Free Trade Agreements are being signed in a much faster way nowadays. We've just concluded one with Australia. Earlier we concluded with UAE, Mauritius and with ASEAN. We have extended quota-free and tariff-free regime to Least Developed Countries," the Finance Minister said.

Speaking on India's wish to pursue trade with multilateral groups, she said, "I think India has shown very clearly its initiative is working out well in pursuing with countries and agreeing to have FTA with them. We've had agreements with ASEAN, free trade agreements both in goods and services with ASEAN, we have had with Korea, with Japan. So free trade agreements have bilaterally or with multilateral groups been the route which India has had till before 2014 and now between 2019 and today, we've had at least three major agreements signed. So, we shall proceed in that route, with the United Kingdom, the European Union, and Canada. All three are happening now as we speak, the negotiations are going on. So we shall go in those preferential routes."

Earlier today India dismissed as "baseless" reports in British media stating that it had halted talks for a free trade agreement with the United Kingdom over the attack on the Indian high commission in London last month, government sources said on Monday.

London-based newspaper The Times in its April 10 edition citing senior British government sources reported that the Indian government has "disengaged" from trade talks and made it clear that there would be no progress "without a public condemnation of the Khalistan movement."

The India-UK Free Trade Agreement talks were launched on June 17, 2022.

Sitharaman further urged World Trade Organisation (WTO) to bring transparency in terms of moratorium.

"WTO should be more open about issues. WTO has to be progressive and fair to all members. It has to give voice to all and not just hear but also heed. There's a continuation of a moratorium since 1998 on electronic transmissions despite evolution to digital age. Shouldn't there be a change in WTO policy in terms of moratorium? We don't have to reverse benefits of globalisation but make it more transparent," she added.

Sitharaman said that India is poised for a more important role in the global value chains.

"Given the shocks witnessed due to supply chain disruptions, MNCs have become prudent & are diversifying. India is attractive because of its skilled youth and large domestic market," she added.

The Finance Minister further stated that India's growth is sustainable as it attempts to grow its manufacturing sector and not import products that it manufactures.

"Catering to the domestic markets became attractive due to the Phased Manufacturing Programme (PMP)," she said.

"India needs to have resilient value chains come to India for which we came up with Production Linked Incentives (PLI) schemes so that those supply chains can thrive in domestic as well as int'l markets. We've incentivised production so that goods produced in India are consumed in India as well as exported to other countries," she added.

PLI Scheme has helped increase India's mobile manufacturing capacity, which was almost nil in 2014 and today, India is the second largest manufacturer of smartphones. PLI schemes for 13 sunrise sectors are bringing global value chains into India.

Sitharaman also interacted with business leaders and investors. "Union Finance Minister Smt. @nsitharaman interacts during a roundtable meeting on the "Investment opportunities for the long term: India on the Rise" with business leaders and investors, co-hosted by @FollowCII and @USIBC, in @USChamber, Washington DC, today," tweeted Ministry of Finance.

Indian Ambassador to the US, Taranjit Singh Sandhu accompanied Sitharaman an Executive Roundtable hosted by US-India Business Council (USIBC)

"India on the Rise! Accompanied Finance Minister [?}@nsitharaman for an Executive Roundtable hosted by @USIBC & [?}@FollowCII with a number of leading companies across key sectors. Tremendous energy in the India US economic partnership!" tweeted Sandhu.

(Economic Times, 11/4/2023)

### **Sunak, Modi to expedite progress on India-UK FTA: Downing Street**

The leaders reflected on the close friendship between the two countries, and agreed great progress was being made on the 2030 UK-India Roadmap," a Downing Street spokesperson said.

British Prime Minister Rishi Sunak spoke to Prime Minister Narendra Modi on Thursday and agreed to expedite progress to resolve outstanding issues in the India-UK free trade agreement (FTA) negotiations.

In a readout of the call between the two leaders, Downing Street said that Sunak reiterated his condemnation of the unacceptable violence outside the Indian High Commission in London last month and updated Modi on the steps being taken to ensure the security of Indian diplomatic staff.

The leaders agreed to follow up their discussions at the G7 meeting in Japan next month and the G20 Summit being hosted by India later in the year.

The leaders reflected on the close friendship between the two countries, and agreed great progress was being made on the 2030 UK-India Roadmap," a Downing Street spokesperson said.

"Discussing ongoing negotiations on a UK-India Free Trade Agreement, the leaders reflected on the huge opportunities a deal would offer to Indian and British businesses and consumers. Both agreed to direct their teams to expedite progress to resolve outstanding issues and ensure a world-leading deal that would see both economies thrive, the spokesperson said.

With reference to an attack by pro-Khalistan separatists at the Indian High Commission in London on March 19, the spokesperson said that the British Prime Minister reiterated his condemnation of the unacceptable violence outside the Indian High Commission in London.

He stressed that extremism had no place in the UK and updated on the steps being taken to ensure the security of Indian High Commission staff, the Downing Street spokesperson said.

The leaders shared their best wishes to those celebrating Vaisakhi in the UK and India tomorrow. Both looked forward to seeing each other at the G7 in Japan next month, as well as at the G20 in India later this year, the spokesperson added.

The phone call came against the backdrop of a media report earlier this week that claimed that India had halted the FTA negotiations with the UK until it sees tougher action against pro-Khalistan groups behind the attack on the Indian High Commission in London last month. The reports had been swiftly denied on both sides.

Both the UK and India are committed to delivering an ambitious and mutually beneficial FTA and concluded the latest round of trade talks last month, said a UK Department for Business and Trade spokesperson.

According to official UK government statistics, the India-UK bilateral trading relationship was worth GBP 34 billion in 2022 growing by GBP 10 billion in one year.

These statistics are expected to be dramatically enhanced with a successful FTA.

(Business Standard, 14/4/2023)

### **UK Parliament panel criticises lack of information on FTA talks with India**

"Parliament must be kept more fully informed about the negotiations. It cannot be right that we have obtained more details from the Indian media than we have from the UK government"

A cross-party Parliament committee in charge of scrutinising the UK government's trade affairs on Friday strongly criticised the lack of information provided around Britain's ongoing negotiations with India for a free trade agreement (FTA).

The House of Commons International Trade Committee, which is set to be dissolved next week to make way for a new Business and Trade Committee in keeping with the creation of the new merged department by Prime Minister Rishi Sunak, said in many cases it gleaned more detail on the talks from reports in the Indian media often citing unnamed Indian government officials.

India and the UK are negotiating an FTA to enhance the bilateral trading relationship worth 34 billion pounds in 2022, with the eighth round of negotiations concluding in New Delhi at the end of last month and the next round expected in the coming weeks.

Parliament must be kept more fully informed about the negotiations. It cannot be right that we have obtained more details from the Indian media than we have from the UK government, said Scottish National Party MP Angus Brendan MacNeil, Chair of the International Trade Committee.

A trade deal with India is an opportunity to enhance our trading relationship with the fifth-largest economy in the world. But this agreement must not come at any cost. "As our report highlights, there are important issues at stake, including potential impacts on NHS drug costs, human and labour rights, gender equality and pesticide standards, he said.

In its report entitled 'UK trade negotiations: Agreement with India', the committee welcomed the Sunak-led government's decision to not set any new deadline for the deal after former prime minister Boris Johnson's widely trailed deadline to get a deal with India done by Diwali" last year.

We welcome the fact that the government is no longer putting arbitrary deadlines on trade negotiations. While the Diwali date was unrealistic, it is positive that government has adopted an approach that evaluates the benefit of the trade deal before finalising any agreement, the report notes.

One issue highlighted in the report is the need to reconcile the UK government's wish to see India's patent laws tightened to benefit UK drug companies with the need to maintain the state-funded National Health Service (NHS) access to cheap generic drugs produced in India.

The Committee also notes possible implications from the deal for standards and checks regarding the quality and safety of goods, including food products and medicines.

Its report suggests the possibility of attaching to any trade liberalisation in the deal the condition that India implement UN and International Labour Organisation human rights conventions, and showing that goods meet environmental sustainability and animal welfare requirements.

The Committee said that its analysis of the UK-India talks is being placed on the record by the member MPs for both the government and the successor Business and Trade Committee to pick up and implement.

(Business Standard, 23/4/2023)

### **Tech spending in India poised to grow by 9.6% this year, shows report**

#### **According to the report, tech outsourcing and hardware maintenance will see sharp growth.**

Tech spending in India is poised to grow by 9.6 per cent this year and the IT spending growth is set to regain pre-pandemic levels, with 2024 expected to be even better, a report has shown.

The Indian economy is poised for a 0.8 per cent growth in the 2023 fiscal year, according to Forrester's 'India Tech Market Outlook for 2023 and 2024'.

Nevertheless, it still faces challenges from a falling rupee and increasing current account deficit due to geopolitical events such as the Ukraine war.

According to the report, tech outsourcing and hardware maintenance will see sharp growth.

"Indian companies are moving from a 100 percent-owned IT model to a project-based outsourced model as new technologies capture the imagination of consumers and businesses," the findings showed.

Indian tech leaders no longer want to own, build, maintain, and run products on new technologies completely by themselves.

Telecom will see major investments. In the past year, 5G announcements and investments in technologies like IoT, Web3, the metaverse, AI, and augmented/virtual reality (AR/VR) have had a major impact on telecommunications.

However, software and tech consulting and systems integration will slow down.

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Editor: **Secretary General**

"Software spending growth will dip slightly, from 15 per cent in 2022 to 14.5 per cent in 2023," said the report.

Spending growth in tech consulting and systems integration will remain high although it will slip a bit, from 11 per cent in 2022 to 10.2 per cent in 2023, primarily due to increases in the adoption of software as a service (SaaS) and outsourcing of major IT operations or implementations, it added.

"Indian companies find themselves in a situation where they must undertake initiatives such as the adoption of new technologies in a cost-effective way to support revenue growth and new customer acquisition," the report noted.

(Business Standard, 2/4/2023)

### **UK parliamentary delegation to discuss trade, research ties in India**

#### Synopsis

The cross-party delegation, being led by Indian-origin House of Lords peer Baroness Sandy Verma, are scheduled to hold meetings with senior ministers and business leaders with the backing of the Federation of Indian Chambers of Commerce and Industry (FICCI). The discussions come against the backdrop of the eighth round of negotiations between officials on both sides towards a free trade agreement (FTA).

A British parliamentary delegation made up of the India (Trade & Investment) All Party Parliamentary Group (APPG) will arrive in New Delhi on Sunday for a four-city tour to explore two-way trade and research and development collaborations. The cross-party delegation, being led by Indian-origin House of Lords peer Baroness Sandy Verma, are scheduled to hold meetings with senior ministers and business leaders with the backing of the Federation of Indian Chambers of Commerce and Industry (FICCI).

The discussions come against the backdrop of the eighth round of negotiations between officials on both sides towards a free trade agreement (FTA).

The tour, which will also cover Ahmedabad, Pune and Mumbai, marks a parliamentary visit from the UK to India after a six-year gap.

"As President of the All-Party Parliamentary Group on India (Trade & Investment), I am delighted to be co-leading this delegation," said Verma.

"It is long overdue as the last Parliamentary delegation to India was six years ago. We are looking forward to engaging with senior Indian ministers to discuss matters ranging from the FTA to green technology, to gender inclusivity. Research and development is a key thematic area of the UK-India relationship and the delegation will explore further ways to enhance it. In particular, new university collaborations and opportunities for technology transfer," she said.

The India (Trade and Investment) APPG was created last year to coincide with the 75th anniversary of India's independence and is made up of 25 British members of Parliament and peers of different political affiliations.



With a stated goal to promote trade and investment between India and the UK for the mutual betterment of their citizens, whilst building an inclusive living bridge between the two countries, the new APPG is geared towards supporting the FTA negotiations and promoting its benefits once concluded.

During their first India visit, the group is scheduled to hold talks with the Foreign Secretary, Commerce Secretary and visit IIT Delhi while in the capital.

In Ahmedabad, they have scheduled meetings with Gujarat chief minister Bhupendrabhai Patel and a visit to GIFT City before a possible tour to the Serum Institute of India in Pune. The visit will conclude next weekend in Mumbai with a woman in leadership event.

According to official UK government statistics, the India-UK bilateral trading relationship was worth GBP 34 billion in 2022 - growing by GBP 10 billion in one year.

The Confederation of British Industry (CBI), the country's leading industry body, estimates an India-UK FTA could boost trade with India by GBP 28 billion a year by 2035 and increase wages across the UK by GBP 3 billion.

(Economic Times, 10/4/2023)

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