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Fiscal Deficit of India is expected to come down to 3.2% in 2017-18

The Government is committed to the policy of fiscal rectitude. The fiscal deficit of the Centre as percentage of GDP has declined consistently from 4.5 per cent in 2013-14 to 4.1 per cent, 3.9 per cent and 3.5 per cent respectively in 2014-15, 2015-16 and 2016-17 (provisional actual) and is further budgeted to come down to 3.2 per cent in 2017-18. As per the information from the Reserve Bank of India's "State Finances: A Study of Budgets of 2016-17", the fiscal deficit of the States as per cent of Gross State Domestic Product (GSDP) was 2.6 per cent in 2014-15, which increased to 2.9 per cent (without the UDAY liabilities) in 2015-16 (Revised estimates) and then declined to 2.7 per cent (without the UDAY liabilities) in 2016-17 (revised

estimates, based on information from 25 States). The fiscal deficit-GSDP ratio is budgeted to decline to 2.6 per cent in 2017-18 (based on information from 25 States). As recommended by the Fourteenth Finance Commission (FFC) for its award period (2015-20), the Union Government approved the fiscal deficit target for States of 3 per cent of respective States' Gross State Domestic Product (GSDP). The Union Government also approved year-to-year flexibility for additional fiscal deficit to States for the period 2016-17 to 2019-20 to a maximum of 0.5 per cent over and above the normal limit of 3 per cent in any given year subject to the States maintaining the debt-GSDP ratio within 25 per cent and interest payments-revenue receipts ratio within 10 per cent in the previous year. However, the flexibility in availing the additional fiscal deficit will be available to a State

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if there is no revenue deficit in the year in which borrowing limits are to be fixed and in the immediate preceding year. As per the recommendation of the FFC, the Union Government decided to increase the share of States in the Central divisible pool of taxes from 32 per cent to 42 per cent, thereby allowing States greater autonomy in financing and designing schemes as per their needs. Besides, post-devolution revenue deficit grant has been provided to eleven States where devolution alone could not cover the assessed gap.

MAN, Trucks goes aggressive in Indian market

MAN, Trucks India, a 100% subsidiary of MAN Truck & Bus AG, Germany, inaugurated its 64th dealership, in Chennai. This is the fourth dealership inaugurated since January last, besides Solapur, Pune and Vijayawada. MAN is working on its two-pronged strategy for India. This involves network expansion in order to increase sales opportunities and at the same time provide service support to all customers. In May this year, MAN crossed the milestone of over 25,000 vehicles rolled out from its Pithampur plant. The New CLA EVO range, launched in December 2016, comprises tippers, long haul and special application trucks ranging from 16T to 49T. According to Mr. Joerg Mommertz, Chairman & Managing Director, MAN Trucks India, company's India approach has shaped up well over the years despite challenging market conditions. He further elaborated that new dealership is an example of company's efforts to respond to market demands particularly in south India considered to be an important market for the company.

Food sector draws \$183m FDI inflow in first 2-mth of FY18

India is seeing a lot of interest from foreign players in the food processing sector and in the first two months of FY18 alone, India attracted Foreign Direct Investment (FDI) of \$183 million, Union food processing industry minister Harsimrat Kaur Badal who participated in the World Food India Roadshow, urged the food processing players from the state to participate in the WFI, which is being touted as the mega event of the Indian food processing industry. WFI is to be held in New Delhi during November 3-5, 2017. The biggest policy reform that came in the food sector is allowing 100% FDI in multi-brand retailing of food that is processed and manufactured in India. In this financial year, in the first two months, the country has already attracted \$183 million FDI in the sector. India's burgeoning middle class offers a lucrative market for foreign players to invest in the country. The biggest advantage of foreign players investing in the Indian market is that these players constantly seek local partners to do business with in the country, benefitting both the countries. The retail sector in India is pegged at \$600 billion and in the next three years, it is expected to touch \$1.3 trillion, 70% of which will come from the food sector alone.

Boeing expects India to order up to 2,100 aircraft over 20 years

Boeing Co expects Indian airlines to order up to 2,100 new aircraft worth \$290 billion over the next 20 years, calling it the highest-ever forecast for Asia's third-largest economy. India is one of the world's fastest-growing

aviation markets with domestic passenger traffic growing at more than 20 per cent a year over the last few years. The world's biggest maker of jetliners expects passenger growth of about 8 per cent in South Asia, dominated by India, over the next 20 years, compared with the world average of about 4.7 per cent. Last year, India overhauled rules governing its aviation industry, liberalizing norms for domestic carriers to fly overseas and spreading the country's air travel boom to smaller cities by capping air fares and opening airports. According to Boeing single-aisle planes, such as the next generation 737 and 737 Max, is expected to account for the bulk of the new deliveries, with India likely to take 1,780 such aircraft. The U.S. plane maker dominates the wide-body airplane market in India, while competitor Airbus SE sells the bulk of small planes preferred by low-cost carriers (LCCs) such as IndiGo. Low-cost carriers dominate Indian skies and account for more than 60 per cent of flights in the country. Boeing plans to plug this gap in its portfolio with the 737 MAX 10 single-aisle jet which it launched at an air show in Paris in June, following runaway sales of Airbus' A321neo. Boeing expects worldwide demand for 41,030 aircraft over the next 20 years, putting India's share of the total at about 5 per cent.

India M&A value touches record high of \$29.2 bn in Jan-Jun

According to Merger market report, India M&A deal value in the first half of this year has reached USD 29.2 billion, an all-time high since 2001. The January-June period of 2017 attracted 181 deals worth USD 29.2 billion, 56.7

per cent higher compared with the corresponding period last year and even surpassed the first half 2012 level which was the historical high for deal making in India. The top five deals accounted for USD 17.6 billion, which comprised 60.3 per cent of total deal value. Moreover, the top five deals of 2017 almost double the top five deals' value in 2016. Sector wise, the industrials and chemicals sector saw 30 deals worth USD 1.6 billion during the first half of 2017, an increase of 38 per cent in deal value and the deal count increased from 26 to 30 in the same period of 2016. According to Merger market Intelligence, paint sector in India may see a lot of M&A activities in the medium term, due to the growing urbanization and increasing disposable income for the middle class. Merger market expects the paint market to reach USD 106 billion by 2019-2020 from USD 60.27 billion. Technology was still one of the most active target sectors by deal number with a 61 per cent increase in deal value to USD 4 billion compared with the first half of 2016. The consolidation among the e-commerce sector intensified in India. Tencent Holdings, eBay and Microsoft Corporation's USD 1.4 billion purchase of Flipkart for a 12.07 per cent stake topped the deals table in the first half of this year. Another noteworthy deal was Chinese market leader Alibaba's USD 252 million acquisition of 4.3 per cent in One97 Communication that owns Paytm. Financial Services was the third biggest M&A sector by deal volume of 17 deals valued USD 2 billion in the first half of 2017, nine of them are done by foreign investors. With a combined push by the private sectors and various measures taken by India government to

facilitate easy access to finance for micro to medium enterprises, this sector will remain active in the next half year.

Tata Motors develops India's first Bio-Methane Bus

Tata Motors has showcased a class-leading technology innovation, India's first Bio-CNG (bio-methane) Bus at the Bio-energy programme, called 'Urja Utsav' held recently. This programme was organized by the Ministry of Petroleum & Natural Gas. Tata Motors has designed and developed bio-methane engines (5.7 SGI & 3.8 SGI) for LCV, ICV & MCV buses. According to Tata Motors, the pioneering latest technology will provide smart city solutions in the commercial vehicle industry with an alternate fuel technology to cater to the need for a greener country. Bio-methane is produced out of bio-degradable materials like kitchen waste. This gas, which gets produced out of natural degradation process, escapes into the atmosphere unused. However, if this is trapped and used in engines, it reduces the net impact on the environment and at the same time produces useful power. Therefore, the innovation will contribute in a positive manner to the Smart Cities proposition of keeping them clean besides being a good option for wet garbage management. Tata Motors has pioneered the introduction of natural gas vehicles (CNG) in the country, for close to two decades and has introduced several technologies in CNG engines related to vehicle performance and safety including sequential gas injection technology, skip fire, plug type coils, long life spark plugs and longer oil drain intervals. Moving towards gas

power will not only contribute majorly towards decreasing emissions for a cleaner environment, but operating engines on bio-methane will also help promote Government of India's Smart City initiative.

India to have over 850 mn online users by 2025: BCG

According to the report by Boston Consulting Group, India is expected to have more than 850 million online users by 2025, driven by availability and adoption of faster connections and more capable devices. It took nearly eight years for India's mobile market to reach 250 million 3G connections, but the country's Reliance Jio 4G network added 100 million connections in just seven months. By 2020, half of all Internet users will be rural. Also, 40 per cent users will be women, while 33 per cent are expected to be aged 35 years or older. Digital's impact is becoming pervasive across all consumer segments. India's initial digital consumers were male, millennial, and mostly metro-based. The future looks very different. The group further said devices today are a mix of smartphones (with 3G or better connections) and feature phones with primarily 2G connections. However, this trend is now towards faster connections and more capable devices. The more digitally mature people are, they do more activities when they are online. Therefore, digital influence on purchases and actual digital commerce are both increasing. From 2014 through 2016, the number of online buyers rose seven-fold to between 80 million and 90 million. Digitally influenced spending, currently USD 45-50 billion a year, is projected to increase more than ten-

fold, to between USD 500-550 billion and to account for 30-35 per cent of all retail sales by 2025.

India to overtake US as 2nd largest 4G phone base: Counterpoint

A report by Counterpoint Research reveals that Explosive growth in data usage, driven by attractive offers from operators like Reliance Jio and Airtel, is likely to catapult India as the second largest 4G handset market by next year. With an estimated installed base of 340 million 4G devices, India will displace the US as the second largest market. With a base of 150 million users, India is currently placed behind China and the US. While the US is forecast to see the 4G installed base grow to 245 million from 225 million currently, the Indian market is expected to grow at a faster pace, driven by increasing adoption of mobile Internet. China, on the other hand, would continue to dominate the tally with 780 million 4G devices next year, growing from 740 million currently. LTE capable smartphones contributed to 96 per cent of smartphone shipments in India in Q2 2017. However, in terms of installed base, almost half of the smartphones are still only 3G or 2G capable. The LTE installed base of handsets crossed 150 million units in India, placing the country third after China and the US. The Counterpoint report also said the mobile phone shipment in India grew marginally in the April-June 2017 quarter to 65.7 million units from the year-ago period. About 30.4 million units of smartphones and 35.3 million

units of feature phones were shipped during the second quarter of 2017.

Accenture sets up big innovation hub in Bengaluru

Accenture launched a first of-its-kind innovation hub in Bengaluru. The facility is populated with talent (about 4,000 people) and tools in the most happening digital areas, including artificial intelligence, blockchain, security, automation, cloud, as also in a variety of industry areas, such as banking, telecom and healthcare. All of this makes for a great innovation environment. But the key to the facility, is its ability to showcase the best of technologies to a customer, and conceptualize, develop and deliver mature solutions to their problems in a matter of days, instead of the weeks and months traditionally required. The facility is the first such for the \$33-billion IT consulting and outsourcing company. Accenture has reskilled a large proportion of its employees, and made 37 acquisitions since the beginning of 2016 to strengthen its capabilities in the new digital areas. About 50% of its revenues come from the new digital, cloud, and security services spaces, and this space is growing at strong double digits. innovation summit that Accenture started in India in 2015 had 2,000 ideas coming in that year, with 6,000 employees participating; last year saw the number of ideas rise to 4,500 and the number of participants to 12,000; this year saw as many as 13,000 ideas from over 40,000 participants.

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