



India Economic News September 2016

Consulate General of India Munich

India improves its rank in Global Competitiveness Index:

World Economic Forum has released the Global Competitiveness Report 2016-17 on September 27, 2016. The report assesses competitiveness of 138 economies. The Global Competitiveness Report 2016-17 highlights that declining openness is threatening growth and prosperity. It also highlights that monetary stimulus measures such as quantitative easing are not enough to sustain growth and must be accompanied by competitiveness reforms. India ranks 39th in the CGI 2016-17. India's position has improved from 55th in 2015-16 and 71st in 2014-15. Thus, India has climbed 32 ranks

over the past two years. India's competitiveness has improved across all the pillars. In particular, in goods market efficiency, business sophistication, and innovation. CGI was introduced by the World Economic Forum in 2004 and is defined as the set of institutions, policies, and factors that determine the level of an economy which in turn sets the level of prosperity that the country can achieve. The GCI combines 114 indicators that captures concepts that matter for productivity and long-term prosperity. Data for the index calculation come from executive opinion survey and from publically available sources and are grouped into 12 pillars like institutions, infrastructure,

macroeconomic environment etc.

ADB maintains India's economic growth at 7.4% for FY17:

Asian Development Bank has retained its projections for India's economic growth at 7.4 per cent for the current financial year, 0.2 percentage points lower than what was clocked in 2015-16. In its latest Asian Development Outlook (ADO) 2016 update, ADB said India's economy will remain on a strong growth path in FY17, aided by implementation of key structural reforms, robust consumer demand and higher agricultural output, driven by a good monsoon. The Economic Survey had projected the growth in the range of 7.2-7.75 per cent. Even though lower than the previous year's growth, 7.4 per cent means India will be the fastest-growing major economy in the world. India recently adopted structural reform to attract more foreign direct investment and passed legislation to allow a national tax that will create a more

integrated and productive economy, it added.

Rs 1.23 lakh crore FDI in Electronic manufacturing:

According to Electronics and IT Minister, Mr. Ravi Shankar Prasad Foreign Direct Investment (FDI) in electronic manufacturing has touched an all-time high of Rs 1.23 lakh crore (approx. Euro 16.5 billion) in 2016 on the back of enabling policies of the government and its Make in India initiative. Minister added that it was important to develop electronics manufacturing in India as a study had predicted that by 2020, the country's import bill of electronics items would surpass the fuel import bills. The Minister also announced that the government had set up electronics manufacturing clusters in different parts of the country for enhancing manufacturing and when it comes to mobile manufacturing, the volume has reached 11 crore (110 million) units in 2015-16.

US keen on Bilateral Investment Treaty with India: US Ambassador:

According to Mr. Richard Verma, the US Ambassador to India, USA is keen to sign a Bilateral Investment Treaty with India in order to boost investor confidence and help increase bilateral trade. While addressing Indo-US Economic Summit, organized by the Indo-American Chamber of Commerce, he opined that a bilateral investment treaty between the two countries will help boost investor confidence and establish effective dispute resolution so that companies and investors searching for destination can put their money. Noting that India and the US are targeting to raise bilateral trade to \$500 billion, Verma said that unless there is a push for innovation in India, it will take years to reach this target. Verma described India as a country with great potential that is expected to become the world's third-largest economy by 2030.

Highway across nations: India approves \$1 bn connectivity project:

India has approved an ambitious \$1.04 billion project for constructing and upgrading 558 km of roads to link it with Bangladesh, Bhutan and Nepal and ease the movement of passengers and cargo, as part of the larger effort to increase inter-regional trade by 60 per cent. The new project has been given an official nod by India's Department of Economic Affairs with 50 per cent funding from the Asian Development Bank (ADB). As of now, road project will cover five highway stretches in West Bengal and Manipur on the Indian side. The four South Asian nations, led by Road Transport and Highways Minister Nitin Gadkari from the Indian side, had signed a landmark Motor Vehicles Agreement in June last year in the Bhutan capital Thimpu to regulate passenger, personnel and cargo vehicular traffic among the South Asian neighbours.

Government aims to make automobiles manufacturing main driver of 'Make in India':

According to Secretary, Ministry of Heavy Industries and Public Enterprises, Government of India aims to make automobiles manufacturing as the main driver of 'Make in India' initiative, as it expects passenger vehicles market to reach 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26. While addressing a CII International Automotive Design Conclave 2016 in New Delhi Shri Girish Shankar announced that Government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country. He also mentioned that both the industries and industrial organizations have to explore the development of funding strategies / models / mechanisms for design and

development and how the outcome of these strategizes can be monetized.

Modi reviews preparedness to roll out GST:

Determined to roll out the Goods and Services Tax (GST) by April 1, 2017, Prime Minister Mr. Narendra Modi has directed the Union Finance Ministry and all departments concerned to take all steps to adhere to the deadline. The clear directives were given at a meeting attended by Finance Minister Arun Jaitley among others and presided over by the Prime Minister to review and to take stock of the preparation for establishment of IT infrastructure for both the Centre and the states, training of officers of central and state governments and outreach for awareness of trade and industry. The Government has proposed to advance both the winter session of parliament to the second week of November and the general budget session to January, 2017 with a view to ensure that the government gets adequate time to get parliamentary nod for the supporting legislation.

the Government had also approved the constitution of the Goods and Services Tax (GST) Council with Finance Minister as its chair. The council would have powers to recommend the indirect tax rate and establish a disputes redressal mechanism, among other things.

India becomes Honda's biggest 2-wheeler market:

Riding on a sustained double-digit growth in scooter volumes, Japanese automobile major Honda has seen India emerge as its biggest two-wheeler market this financial year. Honda Motorcycle and Scooter India (HMSI) recently overtook the company's volumes from the Indonesian market. With this increased volume, India now brings 29 per cent of Honda's global two wheeler sales, compared to 25 per cent a year ago. Many of the top two-wheeler markets in Southeast Asia, such as Vietnam, Indonesia and Thailand have already matured. Honda is a market leader in many of these. In Indonesia, for instance, it commands 80 per cent share; the share in Vietnam is 70 per cent. Honda is the second-

biggest two-wheeler player in the Indian market. HMSI saw a capacity addition in June this year with the opening of its dedicated scooter plant in Gujarat that added 1.2 million unit annual production capacity.

India saved 55.7 million units of energy through UJALA:

The Ministry of Power's initiative Unnat Jyoti by Affordable LEDs for all (UJALA), has already resulted in 55.7 million units of energy savings and has reduced carbon emissions over 45,000 tonnes. UJALA has benefitted more than 5 crore citizens across 18 states and 4 union territories. This has been possible only through robust distribution and awareness mechanisms. The Government has also ensured that awareness of its UJALA programme reaches every beneficiary, irrespective of their social and economic background. The Ministry of Power, along with the State Information Departments, distribution companies and several other partners have ensured that the common man is made aware of the scheme through various platforms

and in respective local language of the state.

rolling-out from its world-class facility in Chakan, Pune.

Mercedes Benz rolls out the Made in India GLC:

With an intent to shorten the waiting period and continue with its strategy of making high-demand cars in India, Mercedes Benz rolled out the Made in India GLC SUV from the assembly line in Pune. With the introduction of the 'Made in India' GLC, Mercedes-Benz said its local production portfolio now comprises nine products

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