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Economy gathers pace: India can grow at 8%, say IMF, World Bank

The Modi government's economic initiatives continue to excite global bodies, with both the World Bank and the International Monetary Fund painting a rosy picture for India.

The World Bank said GDP is expected to accelerate to 7.2% in 2014-15, to 7.6% in 2015-16 and 8.0% in 2017-18. IMF also said it sees no reason why India cannot achieve 8%, 9% or an even higher growth rate, going forward.

"The Indian economy has taken strong strides towards higher and more inclusive growth," the World Bank said in a report on South Asia economies. "Recent economic activity has been on an upturn — growth has accelerated, inflation has declined, current account deficit has narrowed, and external buffers have been replenished."

The bank credited it projection to "an ambitious reform agenda", which, it said, "which if fully implemented, can unlock investments and boost growth." (Hindustan Times: April 15, 2015)

India to grow between 7.8% and 8.2% during 2015-16: CII

The Indian economy is expected to grow at between 7.8% and 8.2% in the current fiscal year, according to a projection by the Confederation of Indian Industry (CII).

Sumit Mazumder, the newly elected president of CII, an industry lobby, said that India will achieve double-digit growth in its gross domestic product (GDP) sooner than expected. "What we are projecting for this year is between 7.8-8.2%. I am very hopeful that we shall be in double digits a lot quicker than we thought. If I see what has been achieved in the past ten months, the foundation has been laid, not fully, but the process has begun," Mazumder said. **(contd on next page)**

The government has pegged GDP growth at 7.4% during 2014-15. A series of economic reforms initiated by Prime Minister Narendra Modi's government has reignited investor confidence in the country.

Since it came to power in May, the Government has allowed 100% foreign direct investment (FDI) in railway infrastructure, increased the cap on FDI in defense and insurance to 49% from 26%, and eased FDI rules in construction. On 2 April, rating agency Moody's revised India's credit outlook to positive from stable.

Mazumder said the government's Make in India programme will play an important role in tackling unemployment, following a workforce boom in the country. "Manufacturing, to me, is extremely important because it is only through manufacturing that we'll be able to create the kind of jobs that are required. I don't see why not—if we could get our act right, we could be the factory to the world. We have the resources, we have the people, the manpower and the capability, and we have everything. So why can't we become the world's factory?"

Crisil's Joshi said the onus lies with the private sector to bring investments into manufacturing. "In infrastructure, the government can play an active role, but the more worrying thing is the low utilization in the manufacturing sector. And there, the onus is more on the private sector to raise investment," he said.

Mazumder said the government is on the right track as far as creating an enabling environment to facilitate business is concerned. "I believe some of the initiatives that the government has put out are very much focused on industry. We don't need a quick fix; we have had a lot of those and lot of failures. I like an expression about India—it seems to be forever arriving. So, these quick fixes we can do without. Let's do it steady and let's do it right," he said. "Some results are on ground. But to expect that the government is going to correct all ails of years and years in 10 months is mighty unfair."(Livemint-February 20, 2015)

Government unveils new foreign trade policy; aims to raise exports to $900 billion by 2020

The government unveiled a five-year plan for lifting India's exports in a policy that seeks to make the country a bigger player in global trade by doubling overseas sales to $900 billion by 2019-20 while giving a boost to the Make in India initiative.

The simplified Foreign Trade Policy (FTP) for 2015-20 collapses five earlier schemes for promotion of merchandise goods into one single programme and revamps one for promotion of services. It focuses on reducing transaction costs for exports besides extending incentives to special economic zones (SEZs) and e-commerce.

"The focus of the foreign trade policy is to support services and exports along with improving the ease of doing business.

The new trade policy will boost exports and create jobs while supporting Make in India and Digital India," said Commerce and Industry Minister Nirmala Sitharaman while announcing the FTP.

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"It will promote defense, pharma, environment-friendly products and value-added exports." Industry welcomed the policy that has been delayed by a year. "The new policy recognizes the global challenges faced by the export sector and also identifies the potential sectors which could emerge as winners in the next five years," said SC Ralhan, president of the Federation of Indian Export Organizations (FIEO).

The Confederation of Indian Industry said in a release that, "The much-awaited Foreign Trade Policy 2015-20 seems to be a visionary policy which is in sync with government's campaigns like Make in India, Digital India and Skills India, which indicates that India is geared up to realize the aim of improving the ease of doing business."

Several promotional schemes such as focus product and focus market schemes for goods have been consolidated into a single Merchandise Export from India Scheme (MEIS). Under the scheme, incentives will be given for export of specific goods to specific markets.

The Services Export from India Scheme (SEIS) will replace the Serve from India Scheme (SFIS), giving a push to sectors such as medical tourism, accountancy and architecture.

"These schemes (MEIS and SEIS) replace multiple schemes earlier in place, each with different conditions for eligibility and usage. Benefits from both these schemes will be extended to units located in SEZs," the Minister said. India's services exports stand at around $145 billion, about half that of merchandise exports of over $300 billion.

The government aims to raise India's share in world exports from 2% to 3.5% by 2020. "FTP lays down a road map for India's global trade engagement in the coming years... India (will become) a significant participant in world trade by 2020," Minister Sitharaman said.

E-commerce-enabled exports of handloom products, books, leather footwear, toys and customized fashion garments through couriers or foreign post offices will also get the benefit of MEIS for a value of up to Rs 25,000.

In an effort to revive floundering special economic zones, the government extended export inventive schemes for both goods and services to units in SEZs as well.

Instead of an annual exercise, the government will conduct a mid-policy review after two and a half years. The government also extended tax breaks to exporters of defense, pharma and environment-friendly products. The export-obligation period for items related to defense, military stores, aerospace and nuclear energy will be 24 months instead of 18. It also reduced the export obligation for those procuring capital goods domestically to 4.5 times imports as against six times under the export promotion of capital goods scheme (EPCG), which will encourage the domestic capital goods industry, analysts said. This will help exporters develop productive capacities for both local and global consumption, they said. Moreover, manufacturers that are also status holders will be enabled to self-certify their manufactured goods as originating from India. (The Economic Times: April 06, 2015)

Cabinet nod To Rs 1 lakh cr for urban renewal, 100 smart cities to take off

The Union Cabinet cleared a project to develop 100 smart cities and rejuvenate another 500 in the country, allocating close to Rs 1 lakh crore (app. $ 15.74 bln) for a period of five years.

While Rs 480,000 mln has been allowed for 100 smart cities, now renamed Smart Cities Mission, another Rs 500,000 mln has been sanctioned for Atal Mission for Rejuvenation and Urban Transformation (Amrut) of 500 cities. States along with local bodies and corporate entities have to spend the most in the projects, experts said. The Amrut project could lead to cities becoming smart subsequently.

Each city would get Rs 1000 mln every year from the Centre for five years. The remaining money has to come from the states, urban bodies and the consortium that they form with corporate entities. Also, 10 per cent of budget allocation will be given to states/Union Territories as incentive based on achievement of reforms during the previous year. The project will be implemented by special purpose vehicles (SPV) to be created for each city. State governments will need to ensure steady stream of resources for the SPVs.

Names of the smart cities will be finalized through a competition, called Smart City Challenge. Although this has not been specified by the government, only about 20 cities are likely to be shortlisted in the first phase. At the time of formally announcing the smart cities project, the Union Budget had allocated Rs 70,016 mln for it. However, in the February 2015 Budget, the project was allotted only Rs 1430 mln. The Budget documents showed only Rs 9240 mln of the Rs 70,016 mln had been spent.

After the Cabinet approval, a government statement said it was a determined bid to recast the urban landscape of the country and drive economic growth. The Smart City Challenge is intended to link financing with the ability of the cities to perform to achieve the mission objectives, according to the statement. Each state will shortlist a certain number of smart city aspirants and prepare proposals for further evaluation to get central support. Pratap Padode, founder and director of the Smart Cities Council, said the Cabinet's green signal to the project was one big move that could catapult India into a smart nation by invigorating urban renewal for its 30 per cent population and create engines of growth that would fuel the survival of the remaining 70 per cent spread across over 500,000 hamlets and villages. (Business Standard: April 30, 2015)

India receives remittances worth US$ 70 billionin 2014, continues to lead globally

India continues to be the leading nation in receiving remittances worth US$ 70 billion, from its global migrant workforce, in 2014, as per the World Bank's study of remittance, the money workers and professionals working in foreign lands send back to their native countries. (contd on next page)

Remittances to the developing world are expected to reach US$ 440 billion in 2015, an increase of 0.9 per cent over the previous year. Global remittances, including those to high income countries, are projected to grow by 0.4 per cent to touch US$ 586 billion.

The top five migrant destination countries are the United States, Saudi Arabia, Germany, Russia and the United Arab Emirates (UAE), while the top five remittance recipient countries, in terms of value of remittances, are India, China, Philippines, Mexico and Nigeria highlighted the report.

"Total remittances in 2014 reached US$ 583 billion. This is more than double the ODA in the world. India received US$ 70 billion, China US$ 64 billion, the Philippines US$ 28 billion. With new thinking these mega flows can be leveraged to finance development and infrastructure projects," said Mr Kaushik Basu, Chief Economist and Senior Vice President, World Bank.

"Israel and India have shown how macro liquidity crises can be managed by tapping into the wealth of diaspora communities. Mexican migrants have boosted the construction sector. Tajikistan manages to nearly double its consumption by using remittance money. Migrants and remittances are clearly major players in today's global economy," Mr Basu added. (IBEF: April 15, 2015)

Twenty four airports identified for domestic cargo terminals

Twenty four airports at Tier-II/III (non-metro) cities have been identified where Common User Domestic Cargo Terminal (CUDCT) is proposed to be established by carrying out cargo feasibility study and minor modifications in the old/redundant passenger terminal buildings.

Keeping in view the requirements, time to time cargo feasibility is conducted based on which basic infrastructure is provided. Moreover, Airports Authority of India (AAI) has decided to utilize old/redundant passenger buildings with minor modifications such as civil/electrical works or by creating a new facility for International cargo operations. AAI has already established Common User Domestic Air Cargo Terminals at Coimbatore, Jaipur and Lucknow airports.

This information was given by Minister of State for Civil Aviation, Dr. Mahesh Sharma in a written reply in the Lok Sabha. (Press Information Bureau - April 28, 2015)

Smart maps an $8 billion opportunity for India: Study

Smart maps and dynamic mapping technologies will be critical tools for the development of India’s smart cities project. Smart maps can help India gain upwards of $8 billion in savings and value, save 13,000 lives, and reduce one million metric tonnes of carbon emissions a year, in cities alone said a study. According to the study, Smart Maps for Smart Cities: India’s $8 billion+ Opportunity by Dalberg Global Development Advisors and Confederation of Indian Industry (CII), smart maps can facilitate the development of smart cities in little ways that add up to huge economic benefits for citizens, businesses, and government.

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Gaurav Gupta, Managing Director of Dalberg Asia said: "Simple improvements in some of the most basic tools that citizens use can lead to significant social impact. Maps, by which citizens and organizations make sense of their surroundings, are one such ubiquitous and fundamental tool that technology has transformed," he said.

"The report shows that by liberalizing policy to enable the best technology to be applied to the mapping sector, we can spur innovation in this industry and equip society with a critical tool for driving positive social and economic impact."

Smart maps use mapping technology that capture a broad range of data and are built to update quickly and correctly in order to give people the most accurate information possible.

Smart maps are also designed to be easy and intuitive to use in order to reach the widest possible audience, and they encourage innovation by making it easy for users or businesses to incorporate their own data.

In a dynamically changing landscape like India, maps need to be updated faster and need better coverage of local businesses to make maps a highly useful tool for citizens. (Business Standard: April 24, 2015)

PE investments in real estate up 85% in January-March period

Private equity (PE) investments in India's real estate companies rose 85% in the January-March period from a year ago, a report said. PE firms invested Rs. 51,680 million in real estate firms during the period, up from Rs.28,000 million a year ago, the report from global property consultancy Cushman and Wakefield said.

Improving macro-economic conditions and increasing capital requirements of the Indian real estate sector have sparked PE firms' growing interest in real estate firms. "Amidst liquidity issues faced by residential developers due to subdued demand and restricted access to debt funding, PE funds have emerged as an important alternate source to meet the funding requirements," the report said.

The residential sector attracted 53% of these funds, while the rest went to the office sector.

Relatively attractive return on investments and easy exits, increased focus on housing from the government and high funding needs are likely to sustain the high investments in residential assets, it said.

The report said that leased office assets such as information technology (IT) parks and IT-SEZs (special economic zones) are likely to gain "significant interest from foreign investors, due to low risk owing to high occupancy levels along with stable rental yields and significant potential for capital value appreciation".

Around $3.4 billion has been invested in the commercial office sector since 2011, compared to only $1.1 billion between 2008 and 2010.

"With improving macro-economic conditions, enabling policy environment, recovering demand, attractive valuations and increasing capital requirements of the Indian real estate sector, PE funds are likely to increase their investments in the next few years," said Sanjay Dutt, Executive Managing Director, South Asia, Cushman and Wakefield. (contd on next page)

He said residential and leased office assets will remain favorites with PE funds as capital demand remains strong in residential projects. With a 35% increase in office net absorption, there is ample scope for the funds to generate high yet stable rental incomes.

Sanjay Mehrotra, national head (sales and marketing) at L&T Realty, the real estate arm of Larsen and Toubro Ltd, said the improved return on the equity on real estate investments could be one of the factors that are drawing PE companies into India. (Livemint: April 28, 2015)

E-commerce dominates PE deals in India's technology sector: Report

E-commerce has become the most attractive space for private equity (PE) investment in India, leading to deals worth a record $11.5 billion in the entire technology sector last year, says a report by Grant Thornton and Indian Private Equity and Venture Capital Association (IVCA).

There were also about 400 mergers and acquisitions in the technology sector, and e-commerce accounted for 75% of the total value of such deals, up from 30% in 2012, says the report.

"A large part of the total deal value consists of big ticket e-commerce PE investments along with large cross-border acquisitions by leading IT majors," the report said.

The trend continues in 2015.

"While all sub-segments within e-commerce have garnered investor interest in terms of number of deals, e-tailers such as Flipkart and Snapdeal, with their multiple products and brands, have driven big-ticket investments constituting 68% of the total deal value in 2014," the report said.

"India, from being merely a technology adapter or importer, is now becoming creator for technology enabled disruptive solutions. There is a clear desire and confidence that Indians can create unique solutions for the local market and also compete actively in the global market," said Harish H.V., partner, Grant Thornton India Ltd. "What started as an inflow of investments into e-commerce shopping portals like Snapdeal, Flipkart in 2014, transformed into a full-fledged focused strategy with aggregators like Ola, Quikr, Foodpanda, which secured multi-million dollar investments at billion-dollar valuations," he said.

Eighty percent of PE investments were under $10 million deals.

"With a stabilizing capital market, stable government and hopes of new reforms, we expect heightened interest from global investors in the Indian economy in the coming year," said Arvind Mathur, president, IVCA. (Livemint: April 27, 2015)

Dr. Harsh Vardhan announces imminent drug research breakthroughs

Union Minister for Science & Technology and Earth Sciences Dr. Harsh Vardhan announced that the Indian pharmaceuticals sector would soon be showcasing 'candidate drugs' for malaria, osteoporosis and diabetes. He said with further R&D, important breakthroughs could be on the horizon for effective panacea for these conditions.

Speaking after a visit to the Central Drug Research Institute (CDRI) a wing of the Council of Scientific and Industrial Research (CSIR), in Lucknow, he remarked that Indian R&D efforts in government laboratories like CSIR-CDRI, CSIR-Indian Institute of Chemical Technology (CSIR-IICT, Hyderabad), CSIR-Indian Institute of Chemical Biology (CSIR-IICB, Kolkata), CSIR-Indian Institute of Integrative Medicine (CSIR-IIIM, Jammu), CSIR-Institute of Microbial Technology (CSIR-IMTECH, Chandigarh) and CSIR-National Chemical Laboratory (CSIR-NCL, Pune) have a track record in making drugs for Kala Azar, Filaria, Leprosy and Tuberculosis available at affordable rates to the common man.

The "candidate drugs" are currently undergoing clinical trials. He further announced that simultaneously, CSIR-CDRI is carrying out Investigational New Drug (IND) studies on lead molecules for fracture-healing, cancers, thrombosis, malaria and hyperglycemia.

The Minister said, "I am confident that the drug laboratories under CSIR are capable of backing up the Swasth Bharat Mission. Our scientists are focusing on both infectious and life-style diseases. We are developing next generation drugs, biologics, biosimilars, gene therapeutics, stem cell therapeutics, personalized medicine and multifunctional nanomedicine.

Recently, CSIR-IMTECH, Chandigarh has developed a clot specific streptokinase. CSIR-IIIM, Jammu has discovered natural product-based potential medicine for rheumatoid arthritis. CSIR-IICB, Kolkata has developed an herbal extract for the treatment of benign prostate hyperplasia.

"I am certain that India has the potential of becoming a global pharmaceutical powerhouse and is in the process of putting some key enablers in place. These include giving the right incentives for R&D, forging alliances with the private sector and keeping an open mind on suggestions for fiscal relief to the private sector so that its role in R&D is enhanced," the Minister said.

He said that in recent months he has visited a number of CSIR laboratories and is convinced that they have the competencies for new drug discovery and development including clinical trials, and has played a major role over the last six decades in the growth of pharmaceutical industry and education in India.

Earlier, addressing scientists at the CSIR-CDRI auditorium here, he made it clear that the Prime Minister is committed to making India one of the world's leading destinations for end-to-end drug discovery and innovation by 2020. "Strengthening of the R&D ecosystem is the priority", he added.

He also emphasized that the people of India are expecting that CSIR laboratories would be able to produce therapeutic and preventive measures for re-emerged infectious diseases like Dengue, (contd. on next page)

Chikunguniya, Encephalitis, Swine Flu as well as conditions like Cancer, Diabetes, Osteoporosis, Hypertension, Depression and Ulcers.

Today, India ranks third in terms of volume of production with 10 percent share of the global market by volume and 14th largest by value. India is often dubbed the "Pharmacy of Developing World".

Dr. Harsh Vardhan, however, pointed out that India still has a long way to go in Pharma R&D. Moreover, in India pharma needs to move from a phase of manufacturing to innovation. He expressed concern over the fact that currently, new drug R&D in India is mostly an affair of government organizations.

"I request industry representatives to collaborate with CSIR laboratories in new drug R&D. The Prime Minister has given a call for Make in India. We need to generate millions of jobs in a couple of years because this country has a youth bulge. Seamless partnership will help develop products and technologies for the benefit of the common man," he pointed out. In this context licensing of a new botanical product CDR4744F004 for osteoporosis and Centbucridine (Local anaesthetic), a new antithrombotic compound S007-867 and anti-stroke chemotype of Ashwagandha (NMITLI118RT+) are steps in right direction, the Minister said.

He announced that Government would soon set up the Biopharma Industry Incubator (BII) under the umbrella of CSIR-CDRI, Lucknow. It would strive to build a new generation of enterprises in the health care sector.

The S&T Ministry is also considering setting up Government Laboratory Practices (GLP)-certified labs in CSIR-CDRI for complete range of Investigational New Drug (IND) studies. He said the step would foster new drug development as well as shore up the financial bottom line of the laboratory.

Further, the Minister announced the formation of a National Centre for Laboratory Animals in the CSIR-CDRI new campus conforming to national and international guidelines. The new institution would serve as a referral centre for lab animal breeding and experimentation for new drug development. (Press Information Bureau: April 13, 2015)

Annual Electricity Generation in 2014-15 Cross One Thousand Billion Units

For the first time in the country, the annual electricity generation in 2014-15 crossed one thousand Billion Units or one Trillion Units. Power generation during the 2014-15 is 1048.403 BU showing a growth rate of 8.4% over the previous year which is the highest growth rate in the last two decades. Since 1991-92, the Compounded Annual Growth Rate of electricity generation has been around 5 to 6.6%. The biggest contributor was generation from the coal based power stations which recorded an annual growth rate of 12.1%.

The generation capacity addition during 2014-15 was 22,566 MW against a target of 17,830 MW, which is the highest ever achievement in a single year. The capacity addition during the first 3 years (2012-13 to 2014-15) of 12th Plan is 61,014 MW which has not only exceeded the capacity addition of 54,964 MW of the entire 11th Plan (2007 to 2012) but also constitutes 68.9% of the total 12th Plan target of 88,537 MW.

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Out of 22,566 MW added during the year 2014-15, contribution of thermal sector was significant i.e. 20,830 MW (92% of the total). It includes NTPC's 660 MW unit at Barh in Bihar where the first indigenously manufactured super critical units by BHEL have been commissioned. The year marked turn around in Hydro sector with a 736 MW contribution in Central sector that included NTPC's maiden contribution and entry in hydro sector with Koldam units. NHPC and SJVNL completed their projects at Parbati III and Rampur respectively. The gas based Monarchak Power Plant of 65.4 MW, Agartala ST-II of 25.5 MW and Palatana Unit-II of 363.3 MW was also commissioned during the year in Tripura which will benefit the entire North East. Commissioning of Kudankulam Nuclear power station of 1,000 MW during the year will help all the Southern States.

The focus is now more on transmission and distribution sector. Following a number of steps taken by the Government for expediting forest clearances and intensive monitoring of critical transmission lines, 22,101 circuit kilometers (ckm) of transmission lines have been commissioned during the year 2014-15 against 16,748ckm commissioned during the same period last year, thus having a growth of 31.96% which is the highest ever achievement in a single year. This is 106% of the annual target of 20,882 ckm fixed for 2014-15. Similarly, the overall increase in the transformation capacity has been 65,554 MVA during 2014-15 which is record achievement in a single year and constitutes 137% of the target of 47,871MVA fixed for 2014-15.

The huge capacity addition coupled with higher generation and improved transmission capacity has resulted in considerably reducing the electricity energy shortage from a level of 7 to 11% during the last two decades to a record low of only 3.6% during the year 2014-15. (Press Information Bureau - April 16, 2015)

Total device shipment in India set to reach 300 mn units

The total device shipments including personal computers, tablets, mobile phones and ultra-mobiles in India are expected to reach 300 million units in 2015, a 4.5% rise over 2014, said a new report by Gartner Inc.

While traditional PC market is expected to grow by 2% and notebook market by 9% compared to a year ago, the computing devices market may decline by 3% due to weak demand for tablets. There will be a slight growth in the overall PC market in India as shipments in the premium ultra-mobile category should compensate for a decline in sales of traditional desk-based devices, said Vishal Tripathi, principal research analyst at Gartner. Mobile phones including feature phones are projected to grow 5% in 2015. "With increased penetration of smartphones and better features with declining prices, consumers in India are set to benefit," the report said. "Smartphones are potentially a high growth segment in the Indian mobile phone market." (Livemint: April 28, 2015)

Edited by Economic & Commercial Wing, Embassy of India, Buitenrustweg 2, 2517 KD The Hague. Tel: 070-3469771; Fax: 070-3617072