



India Economic Newsletter
Monthly publication of Embassy of India, The Hague

No. 06/17

June 6, 2017

Contents

**Meeting of External Affairs Minister with the
Foreign Minister of the Netherlands**

**Meeting of External Affairs
Minister with the Foreign
Minister of the Netherlands 1**

**India expected to grow at
7.2% in 2017-18 after
demonetisation disruptions:
IMF.....2**

**ADB sees India growing 7.4%
in 2017-18, says GST,
bankruptcy law big positives
.....2**

**India is the Largest Producer
of Milk in the World:
Agriculture Minister2**

**India on right path to
becoming global steel player:
Steel Association.....3**

**India's First Fleet of 200
Electric Vehicles Launched
in Nagpur.....3**

**Cabinet approves policy for
providing preference to
'Make in India' in
Government procurements .
.....4**

**India's domestic air traffic
up 17.7% during January to
April4**

**Rank of India Improves in
International Tourist
Arrivals.....4**

**Cars, 2-wheelers drive
automobile growth to 7% 5**

**India offers tax concessions
to Apple to expand
production5**

**List of Trade Fairs/
Conferences scheduled for
2017.....6**

External Affairs Minister held official talks with H.E. Mr. Bert Koenders, Foreign Minister of The Netherlands. The two leaders expressed satisfaction at the upswing in bilateral relations in recent years. They also exchanged views on regional and global issues of mutual interest.

Economic ties between India and The Netherlands form the core of the bilateral relationship. External Affairs Minister appreciated the active participation of Dutch companies in India's flagship development programs including Swachh Bharat, Namami Gange and Make in India. The Ministers welcomed the ongoing efforts to enhance bilateral collaboration in water and waste management, renewable energy, Smart Cities, inland waterways, ports and shipping. Netherlands is India's 5th largest investment partner with an investment of US\$ 20.5 billion. The two Ministers expressed satisfaction at the positive growth in bilateral trade which stood at US\$ 6.3 billion in 2016, and agreed that it has potential to develop further.

Minister Sushma Swaraj thanked The Netherlands for supporting India's accession to the various multilateral export control regimes including the Nuclear Suppliers Group. The Dutch Minister expressed strong support for India's permanent membership of the UN Security Council. He appreciated the lead taken by India in addressing Climate Change through the International Solar Alliance [ISA] initiative and expressed support for the programme, and pointed out the strength of the Netherlands in wind energy.

The two leaders expressed deep concerns on the grave threat posed by terrorism to international peace and security and reaffirmed to work both bilaterally and globally to fight the menace in all its forms and manifestations. Minister Sushma Swaraj sought the support of The Netherlands for early adoption of the Comprehensive Convention on International Terrorism [CCIT] at the UN.

(continued on next page)

The Netherlands hosts the second largest numbers of people of Indian-origin in Europe. In this context, both the Ministers welcomed the strengthening of direct air connectivity between India and the Netherlands which would contribute to further deepening of people to people ties and business links.

In the context of Swachh Bharat Abhiyan, Minister Sushma Swaraj appreciated the ongoing joint project LOTUS [Local Treatment of Urban Sewage Streams for Healthy Re-use] to clean-up the Barapullah drain in Delhi and the DIWALI [Dutch-Indo Water Alliance Leadership Initiative] waste water project in Baroda. Later in the day, the Dutch Foreign Minister participated in the foundation stone laying ceremony of a demonstration plant to be set up for cleaning the Barapullah drain.

Foreign Minister Koenders also visited Cochin and Bengaluru during the visit. The two countries are celebrating 70 years of the establishment of diplomatic ties this year. During the visit, Minister Koenders announced the opening of the Consulate General of The Netherlands in Bengaluru later this year. (*Ministry of External Affairs, New Delhi, May 09, 2017*)

India expected to grow at 7.2% in 2017-18 after demonetisation disruptions: IMF

The Indian economy is expected to grow at 7.2 per cent in the Financial Year (FY) 2017-18 and 7.7 per cent in FY 2018-19, supported by fading problem of cash shortage and progress in resolving the supply-side bottlenecks, according to a report by the IMF. The country's recovery in investment is estimated to remain modest and uneven across sectors on account of deleveraging and progress in industrial capacity utilisation. The growth in Asian region has been forecasted to rise to 5.5 per cent in 2017 as against 5.3 per cent in 2016. (*IBEF: May 09, 2017*)

ADB sees India growing 7.4% in 2017-18, says GST, bankruptcy law big positives

The Indian economy will grow by 7.4 per cent in FY 2017-18 and by 7.6 per cent in FY 2018-19 on the back of an improving business environment created by reforms like the Goods and Services Tax (GST) and the new bankruptcy law, stated Mr Yasuyuki Sawada, Chief Economist, Asian Development Bank (ADB). A growth of more than 7 per cent is high compared to other emerging economies, including China. He further stated that the impact of demonetisation was short-term, and the Indian economy's growth will accelerate over the medium-term. He was also of the opinion that the appreciation of rupee against the dollar will not have a negative impact on exports and that India's overall export performance is positive. (*IBEF: May 04, 2017*)

India is the Largest Producer of Milk in the World: Agriculture Minister

Union Minister of Agriculture and Farmers Welfare, Shri Radha Mohan Singh said that the Government of India has undertaken several new initiatives in the field of animal husbandry in Gujarat. Under Rashtriya Gokul Mission, on the lines of Gokul Gram 'Gir, Cow Sanctuary' has been approved. This will be established in Dharampur, Porbandar under Livestock insurance coverage. Earlier only two milk animals were included, now 5 milk animals and 50 small animals are included. To fulfil the shortage of veterinarians, a veterinary college has been established in Junagadh. The Agriculture Minister was speaking at the inauguration ceremony of polytechnic at Kamdhenu University, Sabarkantha.

(continued on next page)

The Agriculture Minister said that it is a matter of immense pride that our country is number one in milk production in the world. In the year 2015-16, the growth rate of milk production has been 6.28 per cent due to which total production has reached 156 million tonnes. And now, per person milk availability is 337 gram on an average, while on the world level it is 229 gram. It is worth mentioning that in comparison to the years 2011-14, the growth in milk production during the years 2014-17 has been 16.9 per cent.

He said that the standard of living of urban and rural families is rising, therefore, the demand for the animal protein is increasing. So, it is necessary that we constantly make effort to increase the production of our livestock, poultry and fish so that the country's citizens are well-nourished and healthy. That is why it is the responsibility of veterinarians to contribute in keeping the nation healthy by increasing availability of animal protein.

He said that the Government is committed to double farmers' income by 2022 and veterinarians play a significant role in fulfilling the Government's resolution to double the farmers' income. A healthy animal will result in greater production which will automatically enhance the farmer's income and the country will proceed on the path of economic prosperity.

Agriculture Minister said that India is world's highest livestock owner at about 512.05 million out of which 199.1 million are bovines, 105.3 million buffaloes, 71.6 million sheep and 140.5 million goats. In the case of goats, India is at the second position in the world and it is approximately 25 % of the livestock. India is second largest poultry market in the world and it includes the production of 63 billion eggs and 649 million poultry meat. India's marine and fish industry are growing at around 7 percent compound annual growth rate. Overall, India's livestock sector is growing fast and emerging as a major contributor in the global market.

The Agriculture Minister said that the Government of India is ensuring the quality of education in universities is of international standards. In this direction, ICAR's Fifth Deans Committee Report has been approved. Schemes like 'Student' and 'Arya' have been started with scholarships. Students' scholarship amount has been increased. (*Press Information Bureau: May 29, 2017*)

India on right path to becoming global steel player: Steel Association

India has become a net exporter of steel during FY 2016-17 and is on the right path to become a global player with globally competitive quality of steel, according to the Indian Steel Association (ISA). During FY 2016-17, steel imports fell 36.6 per cent to 7.427 million tonnes (MT), whereas steel exports rose 102.1 per cent to 8.244 MT, backed by the measures taken by the Government of India. Mr Sanak Mishra, Secretary General and Executive Head, ISA, stated that this trend will continue backed by new technology, equipment, automation and process control, thereby giving a boost to the domestic production. (*IBEF: May 29, 2017*)

India's First Fleet of 200 Electric Vehicles Launched in Nagpur

The Minister of Road Transport & Highways and Shipping Shri Nitin Gadkari and Maharashtra Chief Minister Shri Devendra Fadnavis launched India's first multi-modal electric vehicle project at the Nagpur airport complex. This unique project brings together e-buses, e-cabs, e-rickshaws and e-autos on a single platform, the Ola App, which will

(continued on next page)

enable commuters in Nagpur to book them. The fleet of 200 vehicles consists of 100 of Mahindra's new e20 Plus vehicles, besides those from other manufacturers like Tata Motors, Kinetic and TVS.

Speaking on the occasion Shri Gadkari said that it was his Government's vision to make India a 100 percent e-vehicle nation. Shri Gadkari said his Ministry was prepared to facilitate manufacturers and other companies to take the Nagpur model to other parts of the country. He said e-vehicles need to be promoted in order to cut down the huge crude oil bill, reduce pollution and create cost effectiveness in transportation. To begin with, the emphasis would be on commercial vehicles and then on others.

Shri Gadkari informed that growing demand, coupled with R&D would gradually help to bring down the operational costs, and especially the battery cost. He added that once the cost of batteries comes down, e-vehicles will compete with diesel and petrol vehicles and finally phase them out. (*Press Information Bureau: May 29, 2017*)

Cabinet approves policy for providing preference to 'Make in India' in Government procurements

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved a policy for providing preference to 'Make in India' in government procurements. The new policy will give a substantial boost to domestic manufacturing and service provision, thereby creating employment. It will also stimulate the flow of capital and technology into domestic manufacturing and services. It will also provide a further thrust towards manufacture of parts, components, sub-components etc. of these items, in line with the vision of 'Make in India'.

The new policy is the reflection of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment. Procurement by the Government is substantial in amount and can contribute towards this policy objective. Local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and by training them. (*Press Information Bureau: May 25, 2017*)

India's domestic air traffic up 17.7% during January to April

India's air traffic rose 17.7% in January-April as private carriers such as Indigo and SpiceJet gained market share while state-owned Air India continued to slip.

Indian carriers flew 36.41 mln passengers during the first four months of 2017, as against 30.94 mln a year ago, the Ministry of Civil Aviation said. (*HT Business: May 19, 2017*)

Rank of India Improves in International Tourist Arrivals

As per the UNWTO definition, International Tourist Arrivals (ITAs) comprises two components namely Foreign Tourist Arrivals (FTAs) and Arrivals of Non-Resident Nationals. The UNWTO in its barometer ranks countries in terms of their ITAs. So far only the figures of FTAs were compiled in India. India has now started compiling the data arrivals of Non-Resident Indians (NRIs) also. **(continued on next page)**

The number of NRI arrivals during 2014 and 2015 were 5.43 million and 5.26 million, respectively. Accordingly, the numbers of ITAs in India during 2014 and 2015 were 13.11 million and 13.28 million, respectively. The data of ITAs, containing both the arrivals of NRIs and FTAs, is now as per International recommendations.

Due to this inclusion, India's improved rank reflecting the true and comparable scenario has now been acknowledged by the UNWTO. As per the latest UNWTO Barometer for March 2017, Rank of India in International Tourist Arrivals in both 2014 and 2015 is 24. With this inclusion, the share of India in the ITAs has also increased from 0.68% (based on FTAs) to 1.12% in the year 2015. (*Press Information Bureau: May 22, 2017*)

Cars, 2-wheelers drive automobile growth to 7%

According to data released by the Society of Indian Automobile Manufacturers (SIAM), Vehicle sales across categories registered an increase of 6.82 per cent to 2,030,476 from 1,900,848 units in April 2016.

Domestic passenger vehicles sales rose to 277,602 in April from 242,060 in the same month last year.

In a reversal, cars posted higher sales growth than utility vehicles. Domestic car sales posted their biggest monthly growth in one-and-a-half years at 17.36 per cent to 190,788. Utility vehicles grew by nearly 14 per cent last month.

"Factors like commissioning of new manufacturing plants and new model launches led to strong growth in the passenger vehicle segment during the month," said Sugato Sen, Deputy Director General, SIAM.

Sales of two-wheelers rose by more than 7 per cent in the domestic market last month to 1,674,796 from 1,560,308 in April 2016. Motorcycle sales were flat at 1,029,972 against 1,024,895 a year earlier. Scooters surged by 25 per cent to 586,886. (*Business Standard: May 11, 2017*)

India offers tax concessions to Apple to expand production

The Government of India has agreed to give partial tax concessions to Apple Inc on select imported mobile handset components, which cannot be locally procured, to manufacture iPhones at its Taiwanese contract manufacturer Wistron's plant in Bengaluru. However, the company would have to procure such components locally over time. The Government has offered a phased program to Apple for increasing local value addition in mobile phones manufacturing in phases of three, five, seven and 10 years, as the local capacity builds up, in a bid to boost manufacturing in the country. Once the iPhones and their components are fully manufactured and assembled in India, the prices of the Apple devices will come down drastically. Total value of mobile phones manufactured in India had touched US\$ 13.90 billion in 2016, as compared with US\$ 8.34 billion in 2015. (IBEF: May 24, 2017)

List of Trade Fairs/Conferences scheduled for 2017

The Ministry of Textiles is organizing '**Textiles India – 2017**' at Gandhinagar, Gujarat from **30th June to 2nd July, 2017** to showcase India's strength in the entire gamut of Textiles and apparel, value chains from farm to fiber and fiber to fashion as well as to establish India as a global sourcing and investment destination. Details of the exhibition are available on the website www.epch.in. For queries and more information the contact person in Confederation of Indian Industry (CII) is Mr. Amit Mehta, email: amit.mehta@cii.in.

The Ministry of Food Processing Industries, Government of India, is organizing **World Food India 2017** a mega International food summit from **November 3-5, 2017**, in New Delhi. More information about the event can be accessed at the website <http://mofpi.nic.in> or E-mail: investorsquery.fpi@nic.in.