



November, 2016

PART I: INDIAN ECONOMY

News Features

1. **Government Demonetization of Rs.500, Rs.1,000 notes:**

The Government of India enacted a policy on 08 Nov 2016, ceasing the usage of all Rs.500 and Rs.1,000 banknotes as legal tender in India after 9 Nov 2016. The banknote denominations of Rs.100, Rs.50, Rs.10, Rs.5, Rs.2 and Rs.1 remained legal tender and were unaffected by the policy. The demonetization was an effort to stop counterfeiting of the current banknotes allegedly used for funding terrorism, as well as a crack down on black money in the country. The move was also described as a major effort to reduce corruption, the use of drugs, and smuggling.



2. **FDI Jumped 77.5% in September:**

With the government relaxing Foreign Direct Investment (FDI) policy and taking steps to improve ease of doing business, the FDI in the country increased by USD 5.15 billion (77.5%) in September this year. During April-September period of this fiscal year, India received the maximum FDI from Mauritius (USD 5.85 billion) followed by Singapore (USD 4.68 billion), Japan (USD 2.79 billion), Netherlands (USD 1.61 billion) and US (USD 1.43 billion).



3. **Mobile Handsets Imports to Hit 265 mn:**

According to market research firm CyberMedia Research's (CMR) "India Monthly Mobile Handset Market Review" report for Q3 of 2016, India imported 197.5 million mobile handsets by the end of September 2016, out of which 78.4 million were imported during Q3. Indian mobile handsets imports are set to reach 265 million by the year end, of which 116 million will be smartphones, a new report revealed on 19 November.



4. **India's Exports Grew in October:**

According to official data released by the Commerce Ministry on 20 November, Indian exports grew for the second month in a row at USD 23.51 billion in October on the back of a good showing by the jewellery and engineering sectors. Exports thus registered a healthy 9.59% growth compared to the same month last year at USD 21.46 billion.



5. **Vodafone Invested USD 7 billion in India's Telecom Sector:**

FDI in India's telecom sector crossed USD 10 billion in the first seven months of the financial year, an all-time high, thanks largely to a mega-investment by Vodafone Plc. At USD 7.2 billion, the inflow was the highest in October, when Vodafone invested Rs 47,700 crore, or USD 7 billion, in its Indian unit, to cut debt and help expansion.

6. **India Strengthened Trade Ties With LAC:** In a challenging global environment, India seeks to reach out to newer markets by strengthening ties with the Latin American countries (LAC), riding on trade-opening negotiations between the LAC and several major and emerging economies of the world, according to the EEPIC India latest publication. India's increasing focus on building ties with the LAC region has helped two-way trade to increase from USD 2 billion some 15 years ago to USD 32.59 billion in 2015.



7. **Rating Agencies Lowered India's GDP Growth Forecast:** Global banks and rating agencies, including Fitch Ratings, Deutsche Bank and DBS Bank, have downgraded India's GDP growth forecast in the wake of demonetisation of high-value notes. Fitch Ratings on 29 November lowered India's real GDP growth forecast for this fiscal year to 6.9% from 7.4% projected earlier.



Main Economic Indicators

India's GDP for Q2 of FY17 grew at 7.3% versus 7.1% quarter-on-quarter and 7.6% year-on-year. Indian growth has been revised down to reflect temporary disruptions to activity related to the RBI's surprise demonetisation of large-denomination bank notes.

Gross Domestic Product – GDP				
Fiscal Year	2015-16	2016-17		
		Q1	Q2	Q3 (Forecast)
Real GDP (% change, YoY)	7.6	7.1	7.3	6.9
GDP (US \$ billion)	2189.7	/		
GDP per capita (US \$)	1674	/		

Source: World Bank WDI and Fitch Ratings

Foreign Trade

I. Merchandise Trade		
Exports & Imports: (US \$ Million) (Provisional)	October	April-October
Exports (including re-exports)		
2015-16	21.456,11	155.179,35
2016-17	23.512,70	154.913,20
% Growth 2016-17/2015-16	9.59	-0.17
Imports		
2015-16	31.148,33	233.417,95
2016-17	33.673,53	208.083,15
% Growth 2016-17/2015-16	8.11	-10.85
Trade balance		
2015-16	-9.692,22	-78.238,60
2016-17	-10.160,83	-53.169,95
II. Trade in Services		
Exports & Imports: (US \$ Million)	September 2016-17	

(Provisional)	
Exports	13.773,00
Imports (Payments)	8.304,00
Trade balance	5.469,00

Source: RBI Press Release dated 15th November 2016

Inflation

The annual rate of inflation, based on monthly WPI, stood at 3.39% (provisional) for the month of October, 2016 (over October, 2015) as compared to 3.57% (provisional) for the previous month and -3.70% during the corresponding month of the previous year.

Industry

Eight core industries comprise nearly 38% of the weight of items included in the Index of Industrial Production (IIP). The combined Index of eight core Industries stood at 176.1 in September, 2016, which was 5.0% higher compared to the index of September, 2015. Its cumulative growth during April to September, 2016-17 was 4.6% (growth rate available until September 2016).

Growth Rates of Eight Core Industries (in %)			
Sector	Weight	April-September 2015-16	April-September 2016-17
Coal	4.37	4.0	1.2
Cruide Oil	5.21	0.4	-3.3
Natural Gas	1.70	-2.1	-4.4
Refinery Products	5.93	3.6	7.9
Fertilizers	1.25	9.5	5.6
Steel	6.68	0.1	7.2
Cement	2.40	1.5	4.5
Electricity	10.31	4.5	5.1
Overall Index	37.90	2.6	4.6

Source: ITP Division, Ministry of External Affairs Government of India (Monthly Economic Bulletin, October 2016)

Foreign Direct Investment (FDI)

FDI into the country grew by over 30% to USD 21.62 billion during the first half of 2016-17. During April-September of 2015-16, India received FDI worth USD 16.63 billion.

Cumulative FDI Flows Into India (2000-2016)		
A. TOTAL FDI INFLOWS (Apr 2000 - Sep 2016)		
1.	Cumulative Amount of FDI Inflows , in US \$ million (Equity inflows + 'Re-invested earnings + 'Other capital')	453.183
2.	Cumulative Amount of FDI Equity Inflows , in US \$ million (excluding, amount remitted through RBI's NRI Schemes)	310.137
B. FDI INFLOWS DURING Q1 AND Q2 OF FINANCIAL YEAR 2016-17 (Apr 2016 - Sep 2016)		

1.	Total FDI Inflows into India, in US \$ million (Equity + 'Re-invested earnings + 'Other capital'), as per RBI's monthly bulletin	29.016
2.	FDI Equity Inflows, in US \$ million	21.624

Source: ITP Division, Ministry of External Affairs Government of India (Monthly Economic Bulletin, October 2016)

Share of Top Investing Countries FDI Equity Inflows (Financial years)				
Ranks	Country	<u>2016-17</u> Apr 2016 - Sep 2016 (US \$ in million)	Cumulative Inflows Apr 2000 - Sep 2016 (US \$ in million)	% age to total Inflows (in terms of US \$)
1	Mauritius	5,850	101,760	33%
2	Singapore	4,680	50,560	16%
3	U.K.	964	24,072	8%
4	Japan	2,795	23,760	8%
5	U.S.A.	1,437	19,380	6%
6	Netherlands	1,615	18,929	6%
7	Germany	588	9,217	3%
8	Cyprus	381	8,933	3%
9	France	183	5,294	2%
10	U.A.E.	355	4,385	1%

Source: ITP Division, Ministry of External Affairs Government of India (Monthly Economic Bulletin, October 2016)

Sector Attracting Highest FDI Equity Inflows				
Ranks	Sector	<u>2016-17</u> Apr 2016 - Sep 2016 (US\$ in million)	Cumulative Inflows Apr '00 - Sep '16 (US\$ in million)	% age to total Inflows (in terms of US\$)
1	Services Sector	5.288	56.080	18%
2	Construction Development	62	24.250	8%
3	Computer Software & Hardware	1.032	22.050	7%
4	Telecommunications	2.787	21.169	7%
5	Automobile Industry	729	15.793	5%
6	Drugs & Pharmaceuticals	641	14.490	5%
7	Trading	1.482	13.354	4%
8	Chemicals (other than fertilizers)	532	12.433	4%
9	Power	559	11.035	4%
10	Hotel & Tourism	523	9.750	3%

Source: ITP Division, Ministry of External Affairs Government of India (Monthly Economic Bulletin, October 2016)

PART II: INDIA-CROATIA ECONOMIC RELATIONS

News Features

1. **Visit to Dubrovnik-Neretva County:** Indian Charge d'Affaires participated in the business tour organized by the Croatian Ministry of Foreign & European Affairs to Dubrovnik-Neretva County on 09 Nov and visited their economic facilities. The regional authorities briefed on the investment opportunities and key competitive advantages in the provinces.



2. **Meeting with Roma Community in Europe delegation:** Discussions were held at the Embassy with a Roma Community in Europe delegation comprising of prominent Roma politicians and professors from France, Serbia, Poland and Croatia on 03 Nov, at which economic opportunities were also discussed.



3. **Visit of Croatian National Radio and Television team to India:** A 3-member Croatian National Radio and Television (HRT) team led by Mr. Dragan Nikolic, Senior International Correspondent, was sponsored by the Embassy to visit New Delhi and Mumbai (21-29 Nov 2016) to cover the recent accomplishments of India, particularly in the economic, commerce, S&T, and tourism fields. They had fruitful meetings with top level Indian CEOs, think tanks and NGOs.



Bilateral Trade

During the period of January-September 2016 (for which local statistics is available) the total bilateral trade stood at Euro 87.09 million (-7.37%), i.e. India's exports worth Euro 79.04 million (-0.95%) and India's imports worth Euro 8.05 million (-43.38%).

Croatia-India Bilateral Trade (in terms of Euro million)					
Year	2012	2013	2014	2015	Jan-Sep 2016
Croatia's Exports	€ 16.51	€ 6.82	€ 13.50	€ 17.53	€ 8.05
(% change y-o-y)	(-) 24.95%	(-) 58.7%	97.95%	30.04%	(-) 43.38%
Croatia's Imports	€ 64.16	€ 72.67	€ 88.19	104.5	€ 79.04
(% change y-o-y)	(-) 46.7%	13.7%	21.34%	18.41%	(-) 0.95%
Total Trade	€ 80.67	79.49	€ 101.69	€ 122.03	€ 87.09
(% change y-o-y)	(-) 43.33%	(-) 1.5%	27.91%	19.97%	(-) 7.37%

(Source: Croatian Central Bureau of Statistics)

Trade Queries from India for Import/Export			
S. No.	Enquiry Originator	Product/Service	Nature
			Import / Export
1	Megaton Poly Pack	Polypropylene Woven Bags	Export
2	Green House Export and Import	Fruits & Vegetables	Export
3	Fire Safety Device Pvt. Ltd.	Chemicals	Export
4	Al Rabih Steel Trading CO LLC	Pulses & Grains	Export

5	Ravis International	Garment	Export
6	Whitefields Overseas Limited	Rice	Export
7	Shipraarts	List of Trade association	Export
8	Ravis International	Garments	Export
9	Shivam Exim Handicrafts	Handicrafts	Export
10	Greeve Export Pvt. Ltd.	Seeds & Exports	Export
11	O'Nine Designs	Wooden Furniture	Export
12	Ethic International Pvt. Ltd.	Textile	Export
13	Eagle International	Wheat Flour	Export
14	Uniphos International Limited	Liquefied Gaseous Chlorine	Export

Trade Queries from Croatia for Import/Export			
S. No.	Enquiry Originator	Product/Service	Nature
			Import / Export
1	Kraljevski Vinogradi d.o.o.	Wine	Export
2	Goldtours d.o.o.	Tourism Services	Import

PART III: UPCOMING EVENTS, FAIRS & CONFERENCES IN INDIA

No.	Organizer	Event	Date	City/State
1	The Federation of Indian Chambers of Commerce and Industry (FICCI)	India-Europe 29 Business Forum"	8-9 Dec 2016	New Delhi
2	Apparel Export Promotion Council (AEPC)	58th India International Garment Fair (IIGF)	8-20 Jan 2017	New Delhi
3	Government of Gujarat	Vibrant Gujarat Global Summit 2017	10-13 Jan 2017	Gandhinagar, Gujarat
4	The Confederation of Indian Industry (CII)	The Partnership Summit	27-29 Jan 2017	Visakhapatnam, Andhra Pradesh
5	The Confederation of Indian Industry (CII)	The 22nd International Engineering & Technology Fair (IETF 2017)	2-4 Feb 2017	New Delhi
6	The Federation of Indian Chambers of Commerce and Industry (FICCI)	India Stonemart 2017	2-5 Feb 2017	Jaipur, Rajasthan
7	The Federation of Indian Chambers of Commerce and Industry (FICCI)	2 nd International Exhibition & Conference On Pharmaceutical Industry	11-13 Feb 2017	Bangalore, Karnataka
8	Ministry of New and Renewable Energy	Global RE-INVEST 2017 India-ISA Partnership	15-17 Feb 2017	Gandhinagar, Gujarat
9	Ministry of Commerce, Government of India	Global Exhibition on Services	17-20 Apr 2017	Greater Noida, Uttar Pradesh

10	The Federation of Indian Chambers of Commerce and Industry (FICCI)	Third Exhibition of India Steel	20-22 Apr 2017	Mumbai, Maharashtra
11	Ministry of Commerce, Government of India	Indian Pharmaceuticals and Healthcare Expo (IPHEX)	27-29 Apr 2017	Hyderabad, Telangana

Designed by

**Mario Stancin
Commercial Assistant
Embassy of India**

*If you would wish to discontinue receiving this newsletter,
please let us know at:
commercial@indianembassy.hr*