

Embassy of India, Zagreb



# Monthly Economic Newsletter

October, 2016

## PART I: INDIAN ECONOMY

### News Features

#### 1. **India to Become 3rd Largest Aviation Market by 2026:**

According to The International Air Transport Association (IATA) forecast, India will become the third largest aviation market in the world by displacing the UK in 2026. The 20-year forecast also predicts that China will displace the US as the world's largest aviation market (defined by traffic to, from and within the country) around 2029.



#### 2. **India's Coffee Exports up 18.15% in April-August:**

India's coffee exports rose by 18.15% to 163.615 tonnes in the first five months of the ongoing 2016-17 fiscal, despite lower value realisation, according to the Coffee Board. The main buyers of Indian coffee are Italy, Russia, Germany, Belgium and Turkey which account for over 50% of coffee exports.



#### 3. **India Leading in Coconut Production in the World:**

Union Minister of Agriculture and Farmers Welfare stated that India is a leading country in coconut production and productivity in the world. It's contribution in India's GDP is about US\$ 3 Billion. In 2015-16, India exported US\$ 223 million worth of coconut products.



4. **FICCI Estimates India's Q1 GDP to Grow at 7.6%:** Industry chamber FICCI has estimated India's national income for the first quarter of the current fiscal 2016-17 to grow at 7.6%. The latest survey round was conducted during July-August 2016 among leading economists belonging to the industry, banking and financial services sector.

#### 5. **India Retained its Position as 3rd Largest Startup Base:**

The Nasscom Product Conclave released the startup report on 26 October which revealed that India retained its position as the third largest startup base in the world with over 4,750 tech startups, ahead of countries such as China and Israel.



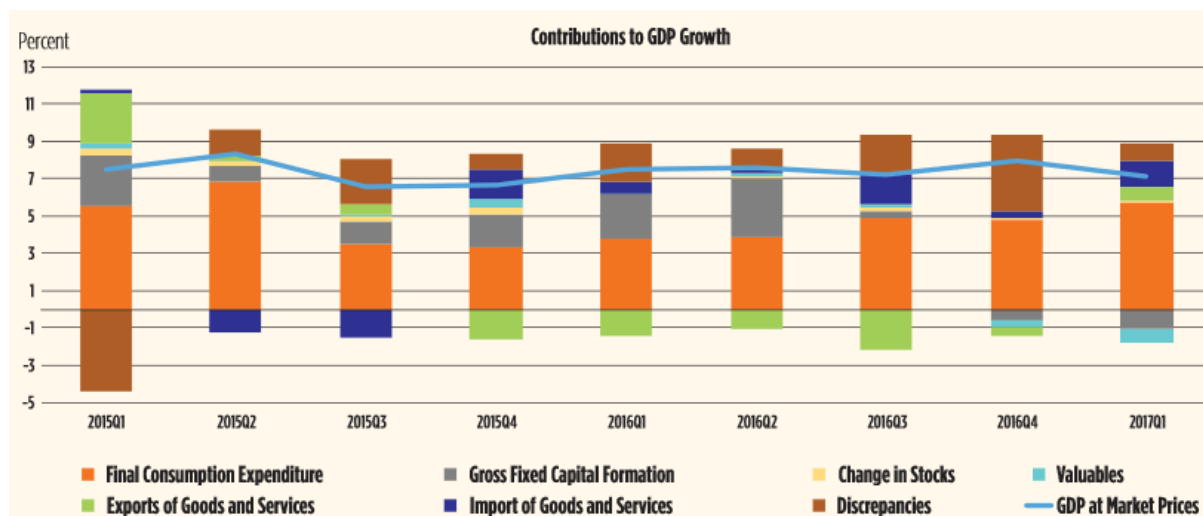
### Main Economic Indicators

#### Gross Domestic Product – GDP

Year	2015			2016	
	Q2	Q3	Q4	Q1	Q2
Real GDP (% change, yoy)	7.5	7.6	7.2	7.9	7.1
GDP (US \$ billion)	2189.7			/	
GDP per capita (US \$)	1674			/	

Source: World Bank WDI and Macro Poverty Outlook

Economic growth remains robust. GDP growth accelerated to 7.5% y/y in the four quarters ending June 2016 from average of 6.5% in the previous twelve quarters. This acceleration has been led by urban consumption and public infrastructure investments.



Source: CSO, CEIC and World Bank staff estimates

## Foreign Trade

I. Merchandise Trade	2015-16		2016-17	
	Sep	Apr-Sep	Sep	Apr-Sep
Exports (including re-exports), in US \$ million	21.869,36	133.723,24	22.880,56	131.400,50
Exports, (% change, yoy)	/	/	<b>4,62%</b>	<b>-1,74%</b>
Imports, in US \$ million	32.035,32	202.269,62	31.220,13	174.409,62
Imports, (% change, yoy)	/	/	<b>-2,54%</b>	<b>-13,77%</b>
Oil Imports, in US \$ million	6.677,58	48.271,11	6.886,36	39.297,17
Oil Imports, (% change, yoy)	/	/	3,13%	-18,59%
Non-oil Imports, in US \$ million	25.357,74	153.998,51	24.333,77	135.112,45
Non-oil Imports, (% change, yoy)	/	/	-4,04%	-12,26%
Trade balance, in US \$ million	-10.165,96	-68.546,38	-8.339,57	-43.009,12
<b>II. Trade in Services</b>	<b>August 2016-17 (latest figure)</b>			
Exports (Receipts), in US \$ million	13.381,00			
Imports (Payments), in US \$ million	8.054,00			
Trade balance, in US \$ million	5.327,00			

Source: RBI Press Release dated 14th October 2016

## Inflation

Rates of Inflation for the month of September 2016		
Commodities / Major Groups	Weight	Year on year

		2015-16	2016-17
All Commodities	100,00	-4,59%	3,57%
Primary Articles	20,12	-2,29%	4,76%
Fuel & Power	14,91	-17,71%	5,58%
Manufactured Products	64,97	-1,73%	2,48%

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

## Industry

The Eight Core Industries comprise nearly 38 % of the weight of items included in the Index of Industrial Production (IIP). Its cumulative growth during April to August, 2016-17 was 4.5 %.

<b>Growth Rates of Eight Core Industries (in%)</b>			
Sector	Weight	Apr-Aug 2015-16	Apr-Aug 2015-17
Coal	4,37	4,4%	2,6%
Cruide Oil	5,21	0,5%	-3,1%
Natural Gas	1,70	-2,7%	-4,2%
Refinery Products	5,93	4,3%	7,6%
Fertilizers	1,25	7,7%	6,4%
Steel	6,68	0,3%	5,5%
Cement	2,40	2,1%	4,4%
Electricity	10,31	3,2%	5,7%
<b>Overall Index</b>	<b>37,85</b>	<b>2,4%</b>	<b>4,50%</b>

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

## Foreign Direct Investment (FDI)

### **Cumulative FDI Flows into India (2000-2016)**

<b>A. TOTAL FDI INFLOWS ( Apr 2000 - Mar 2016 )</b>		
1.	Cumulative Amount of FDI Inflows, <i>in US \$ million</i> (Equity inflows + 'Re-invested earnings + 'Other capital')	424.167
2.	Cumulative Amount of FDI Equity Inflows, <i>in US \$ million</i> (excluding, amount remitted through RBI's NRI Schemes)	288.513
<b>B. FDI INFLOWS DURING Q4 OF FINANCIAL YEAR 2015-16 ( Jan 2016 - Mar 2016 )</b>		
1.	Total FDI Inflows into India, <i>in US \$ million</i>	14.512
2.	FDI Equity Inflows, <i>in US \$ million</i>	10.559

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

### **Share of Top Investing Countries FDI Equity Inflows (amount in US \$ in million)**

Ranks	Country	Apr 2015 - Mar 2016	Cumulative Inflows Apr2000 - Mar 2016	% to total Inflows
1	Mauritius	8.366	96.910	33%
2	Singapore	13.692	45.880	16%

3	U.K.	898	23.108	8%
4	Japan	2.614	20.966	7%
5	U.S.A.	4.192	17.943	6%
6	Netherlands	2.643	17.314	6%
7	Germany	986	8.629	3%
8	Cyprus	508	8.552	3%
9	France	598	5.111	2%
10	U.A.E.	985	4.030	1%

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

### **Sector Attracting Highest FDI Equity Inflows (amount in US \$ in million)**

Ranks	Sector	Apr 2015 - Mar 2016	Cumulative Inflows Apr2000 - Mar 2016	% to total Inflows
1	Services Sector	6.889	60.792	18%
2	Construction Development	113	24.188	8%
3	Computer Software & Hardware	5.904	21.018	7%
4	Telecommunications	1.324	18.382	6%
5	Automobile Industry	2.527	15.065	5%
6	Drugs & Pharmaceuticals	754	13.849	5%
7	Chemicals (other than fertilizers)	1.470	11.900	4%
8	Trading	3.845	11.872	4%
9	Power	869	10.476	4%
10	Hotel & Tourism	1.333	9.227	3%

## **PART II: INDIA-CROATIA ECONOMIC RELATIONS**

### **News Features**

1. **"Know India" Tourism Seminar:** Embassy of India organized on 19 October "Know India" Tourism Seminar at Sheraton Hotel in Zagreb which was attended by prominent Croatian tourist operators, hotel industry, media, Tourist Boards, Ministry of Tourism representatives and other potential stakeholders. The presentation, with an emphasis on India's diversity and richness, was given by Mr. Jitendra Jadhav, Assistant Director of India Tourism, Frankfurt, Germany, who noted that in the last couple of years India had launched stronger promotion efforts under the slogan "Incredible India". Ambassador, on his part, outlined the challenges facing the tourism promotion efforts and sought constructive suggestions to overcome them.



2. **Indian Chef participation in Dubrovnik Good Food Festival:** Renowned Indian Chef Stephen Lobo (currently Food Advisor to Lufthansa) presented Indian dishes in "Spice Indian Style" Seminar about spices and Indian cuisine which took place in Dubrovnik on 22 October, as part of the Dubrovnik Good Food Festival.



**3. Economic Briefing at The Institute of Economics:** Embassy's Commercial Representative participated in the panel discussion organized by the Institute of Economics in Zagreb on 10 October for the purpose of gaining a deeper insight into economic developments in Croatia. Ms. Maruška Vizek, Director of the Institute briefed on the recent macroeconomic trends in Croatia. Based on the exceptional tourist season and good recovery prospects of Croatia's main trading partners, there was an optimistic forecast of export growth of 5,2% and GDP growth of 1,9%.



**4. Indian Ambassador meets Mayor of Korčula:** Ambassador Sandeep Kumar met with Andrija Fabris, Mayor of Korcula on 03 October and discussed economic and cultural possibilities between Korcula and India. Complimentary sectors can be stone carving, tourism, maritime traditions, agro food).



**5. Wine Tasting at the Embassy Residence:** A wine tasting cum business networking event was organized at the Residence of the Ambassador in Zagreb on 6 October. At the event, wines of Royal Vineyard from Petrčane were presented and it was attended by around 60 businessmen and representatives of various companies and organizations from Zagreb and surrounding regions.



**6. The First National Ayurveda Day:** Association of Practitioners and Therapists of Ayurveda in Croatia (UPTAH) organized First National Ayurveda Day on 28 October which took place at Europe House in Zagreb. Dr. Tomislav Petrušić, Head of Ayurveda Somalata Center and Ms. Irena Švenda, Nutritionist, talked about the position of WHO towards Ayurveda and about the need of Ayurveda integration in Croatia. There was also a presentation about Ayurveda nutrition. The participants emphasized the problems with Croatia's legislative that does not accept Ayurveda as a medical science.



## Bilateral Trade

During the period of Jan-Aug 2016 (for which local statistics are available) the total bilateral trade stood at Euro 78.43 million (-6.56%), i.e. India's exports worth Euro 71.17 million (-0.90%) and India's imports worth Euro 7.26 million (-40.09%).

*(In million)*

Year	2012	2013	2014	2015	Jan-Aug 2016
Croatia's Exports (% change y-o-y)	€ 16.51 (-)24.95%	€ 6.82 (-)58.7%	€ 13.50 97.95%	€ 17.53 30.04%	€ 7.26 (-40.09%)
Croatia's Imports (% change y-o-y)	€ 64.16 (-)46.7%	€ 72.67 13.7%	€ 88.19 21.34%	104.5 18.41%	€ 71.17 (-0.90%)
Total Trade (% change y-o-y)	€ 80.67 (-)43.33%	79,49 (-)1.5%	€ 101.69 27.91%	€ 122.03 19.97%	€ 78.43 (-6.56%)

*(Source: Croatian Central Bureau of Statistics)*

### PART III: UPCOMING EVENTS, FAIRS & CONFERENCES

No.	Organizer	Event	Date	City
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	Andhra Pradesh
5	Ministry of New and Renewable Energy	Global RE-INVEST 2017 India-ISA Partnership	15-17 Feb 2017	Gandhinagar, Gujarat
6	The Federation of Indian Chambers of Commerce and Industry (FICCI)	Third Exhibition of India Steel	20-22 Apr 2017	Mumbai

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