



सत्यमेव जयते

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News from India

Newsletter

Economic and Commerce Wing

Embassy of India, Moscow

Economic and Commerce Wing

Embassy of India

4, Vorontsovo Polye

Moscow-105064

Russia

Telefax: (495)9161050

Web: www.indianembassy.ru

Email: ccom@indianembassy.ru

India has become a \$2 trillion economy

now: According to a World Bank report, India's GDP crossed the \$2-trillion mark in 2014 and at present stands at \$2.067 trillion. In just seven years, India has added one trillion to its economy. Going by income, India is still in the lower middle income category. India's gross national income per person has risen to \$1,610, which converts to Rs 1,01,430 by present exchange rate. India is among the world's fastest growing economies this year.

India leads regional inflow of Foreign Direct Investment (FDI) in South Asia:

accounting for \$ 34 billion investment during 2014 and the upward trend is likely to continue this year also, according to a UN report which placed China as the world's largest FDI recipient. "FDI inflows to the country (India) surged by 22 per cent to about \$ 34 billion" improving its position to 9th top host country for FDI in 2014, over its rank of 15th in 2013, the UNCTAD's World Investment Report 2015 says.

Telephone connections in India have crossed one-billion mark:

with mobile phones accounting for around 978 million, Telecom Minister Ravi Shankar Prasad told media. "In a population of 1.25 billion, we have got 980 million mobile connections, around 978 to be precise. We add 5-7 million new connections every month. Our phone connectivity has crossed one billion," he said while launching four telecom network products made by state-run technology centre C-DOT. The Minister added that India has around 300 million internet connections and he has set target to achieve 500 million connections in the next two years.

Online payment of application fees :

The Commerce Ministry has launched the facility for online payment of application fees through credit or debit cards and other electronic fund transfers. The move is aimed at improving ease of doing business for exporters and importers. Commerce Secretary Rita Teatota said that the step will help in exporters and importers in terms of facilitating the country's trade and reducing their transactions cost.

Intra-state power transmission system:

The government has approved setting up of an intra-state power transmission system at a cost of Rs 8,550 crore to connect renewable power projects in seven states, including Rajasthan, Gujarat, Andhra Pradesh and Karnataka. The cabinet committee on economic affairs (CCEA), chaired by Prime Minister Narendra Modi, approved creation of the power corridor also connecting Himachal Pradesh, Madhya Pradesh and Maharashtra. "These states are rich in renewable resource potential and large capacity renewable power projects are planned there. Creation of an intrastate transmission system will facilitate evacuation of renewable power from generation stations to load centres," an official statement said.

Sister-city arrangement :

The Government keen to attract foreign investment, is overhauling the sister-city arrangement that Indian cities have to add more teeth to the initiative and leverage partnerships for economic gains. India has over 100 sister-city partnerships that have developed over the decades and remained largely ornamental, except for helping to foster closer cultural bonds.

Liquefied natural gas (LNG) carriers to be built in India:

State-run GAIL India will offer foreign shipbuilders five years to make liquefied natural gas (LNG) carriers in India, double the time allowed to deliver ships from their home shipyards — a concession it hopes will attract foreign firms to locally manufacture ships proposed to be chartered

by the Indian gas company. As part of Modi's 'Make in India' initiative, GAIL is insisting foreign shipbuilders to build in India at least a third of the 11 LNG carriers it plans to charter for about 20 years beginning 2017

News from Russia

Ruble weakens: The Russian ruble fell to 59.7 against the US dollar on July 27, 2015 on the Moscow Exchange and to 66 against the euro, four-month lows. The Russian currency continued to follow oil's route as Brent crude fell to \$54.60 a barrel and the WTI was down at \$47.8 a barrel. Mr. Stanislav Kleshev, the chief analyst at the investment department of VTB 24 bank explained: *"The ruble's movement is taking place in sync with the oil prices' slump, but there's also a seasonal factor that has a certain pressure on the ruble. The latter includes the repatriation of dividends, increased payments on foreign debt"*.

Sberbank in a macroeconomic report says: that "the Russian currency market may face a shock in October–December as weakening of the ruble may exceed a natural decrease on the back of falling oil prices". Earlier, Economic Development Minister Alexei Ulyukayev said that the ruble will stand at 50–60 against the dollar in 2015.

Russia's net private capital outflow: is likely to rise by an extra \$5 billion in October-December, 2015 but decrease by the same \$5 billion in 2016 after the central bank resumes repo operations. The Economic Development Ministry expects the 2015 net capital outflow at \$110 billion, but the minister said earlier in July that the figure may amount to \$90 billion. The central bank forecasts net private capital outflow at \$111 billion in 2015, \$87 billion in 2016 and \$80 billion in 2017.

IMF Report: As per The International Monetary Fund's report of 2nd July 2015, it expects the Russian economy to contract by

3.4 percent this year before returning to growth in 2016. The salient points are as given below:

- a) If Western sanctions and retaliatory measures remain in place over the medium term, Russia could lose up to 9 percent of the inflation-adjusted value of the goods and services it produces.
- b) Russia's economy is showing signs of stabilization after slumping under pressure from Western financial sanctions and Russian counter-measures. Low international prices for its oil exports have added to pressure on the ruble and government finances. The IMF estimates the immediate effect of sanctions and counter-sanctions to wipe between 1 and 1.5 percent of GDP, rising to 9 percent over the next few years.
- c) The IMF forecasts "weak" economic growth of around 1.5 percent annually in the medium term. Russia's economy was growing around 7 percent a year before the 2008 global financial crisis.
- d) Russia would nevertheless return to economic growth next year as a weaker ruble boosted competitiveness, external demand increased and domestic financial conditions normalized. It predicts 0.2 percent growth next year following a 3.4 percent contraction this year, in line with its previous forecasts.
- e) Inflation was seen slowing to around 12 percent by the end of this year and 8 percent by the end of next year — more pessimistic than the Central Bank's forecast of 7 percent by mid-2016.
- f) It supported limited fiscal stimulus this year, but added: "An ambitious and credible medium-term fiscal consolidation program is necessary to adjust to lower oil prices." The IMF recommended revising Russia's fiscal rule, which links government spending to the historical oil price, so that the recent oil price fall could be more quickly reflected.

Bilateral/ Multilateral**Cooperation in the field of nuclear energy:**

Russia has proposed a plan to involve India in building Russian-designed nuclear power plants in third countries. According to a newspaper report, the cooperation is to be extended also to the area of joint extraction of natural uranium and the production of nuclear fuel and atomic waste elimination. Russia has also offered to build over 20 nuclear power units in India, up from the 12 offered earlier", it added. "Russia and India, in fact, have reiterated their commitment to cooperation in this field." "Cooperation in the field of nuclear energy was one of the main topics in the talks between the Indian Prime Minister Narendra Modi and the Russian President in Ufa during the recent BRICS Summit. Emphasis was placed on the future construction of facilities in India, with a possible increase in the number of units."

Sistema Shyam Teleservices Ltd (SSTL):

Minority shareholders of Indian cellular operator Sistema Shyam Teleservices Ltd (SSTL), controlled by Russian multi-industry holding Sistema, have again applied to court for explanations why the operator did not hold an initial public offering (IPO) planned in 2008, business daily Kommersant reported. SSTL's General Director Dmitry Shukov told the daily that "We still find claims from the minority holders unreasonable, and our position is proved by the January court decision. We are confident of our rightness." Merger talks between SSTL and local Reliance Communications (RCOM) are at an advanced stage, and actions of the minority shareholders could be triggered by hope to obtain better terms

Rosatom Overseas (a subsidiary of the state corporation Rosatom) has acquired a 51% stake in the Indian company Gamma Tech India Private Ltd. to work on building radiation sterilization centres in India, the newspaper Indian Express reported. A network of sterilization centres will be built in the southern Indian states of Tamil Nadu,

Kerala, Karnataka, Andhra Pradesh, and Maharashtra. These will be used to disinfect food and sterilize medical instruments by ionizing radiation. "The project is currently in the pre-investment stage. Rosatom Overseas, through the UIC (United Innovation Corporation) LLC that it controls, and the shareholders of Gamma Tech, signed a shareholders' agreement in September 2014, which allowed the Russian company to become a shareholder in Gamma Tech, and obtain a 49% share in it, to work on this joint project to build a network of radiation sterilization centres in India.

Joint Venture: Media reported (July 21) that an agreement was signed between Russian Ship Repair Centre "Zvezdochka" and an Indian Company "Pipava Defence and Offshore Engineering Co Ltd"(PDOC) for joint venture to repair submarines under Project 877 Paltus in India. The shares of the Russian and Indian partners in the joint venture will be 49% & 51% respectively.

Russia is ready to export grain to India: the Russian Federal Service for Veterinary and Phytosanitary Surveillance said in a statement following a meeting between representatives for the service and the Indian Commerce and Industry Ministry on July 30, 2015. The meeting was held in the framework of preparing a Russia-India free-trade agreement.

❖ VISITS/EVENTS**7th BRICS Summit and SCO Summit in Ufa.**

Starting 8th of July, Prime Minister Narendra Modi paid a visit to Russia to participate in the 7th BRICS Summit and SCO Summit in Ufa. Prime Minister Modi said, "India attaches high importance to BRICS. It is a great forum that can contribute effectively to mitigate global challenges. BRICS also has a very crucial role to play in further world peace and security and ensuring we leave behind a better planet for our future generations."

BRICS Finance Ministers Meeting: On the sidelines of the BRICS Summit, several Ministerial level events were held at various locations in Russia. Some of the major events included the BRICS Finance Ministers Meeting and BRICS Economic Ministers Meeting in Moscow on 7-8 July 2015. Finance Minister Shri Arun Jaitley led the Indian delegation at the BRICS Finance Minister Meeting, while Mr J S Deepak, Special Secretary, Ministry of Commerce & Industry led the delegation at the BRICS Economic Ministers Meeting.

An SCO Health Ministers Meeting: was organized in Moscow on July 6-7, 2015. Shri Anshu Prakash, Joint Secretary, Ministry of Health & Family Welfare led the Indian delegation at the event.

A meeting of CEOs: and prominent businesspersons from the BRICS countries was held in Moscow on 5-6 July 2015. Subsequently, the CEOs presented their report to the BRICS Heads of State/Heads of Government on 8 July 2015.

The first meeting of the Joint Study Group: on the proposed Free Trade Agreement (FTA) between India and the Eurasian Economic Union was held in Moscow on 31 July 2015. The respective delegations were led by Dr Guruprasad Mohapatra, Joint Secretary, Ministry of Commerce & Industry of Government of India and Mr Andrey Tochin, Director, Department of Trade Policy of the Eurasian Economic Commission.

Events in India

IMEX :Int'l Machine Tool Exhibition-September 13-15, 2015, Mumbai, India Bombay Convention & Exhibition Centre (BCEC) www.imexonline.com

World of Food India:Int'l Exhibition and Conference for the Food Industry: September 14-16, 2015, Mumbai, India Bombay Convention & Exhibition Centre (BCEC)-www.worldoffoodindia.com

World Tea & Coffee Expo: Int'l Trade Fair Dedicated to Tea and Coffee Sectors- October 01-03, 2015, Mumbai, India Bombay Convention & Exhibition Centre (BCEC)- www.worldteacoffeexpo.com

Events in Russia

MIMS Automechanika Moscow : The 19th International exhibition of automotive parts, components, car maintenance equipment and products: 24 - 27 August 2015, Moscow, Expocentre www.mims.ru

World Food Moscow: 14 - 17 September 2015 , Moscow, Expocentre -www.worldfood.ru : The exhibition embraces the entire food market and has 11 sectorized areas: meat and poultry, fish and seafood, frozen products and semi-processed foods, fruits and vegetables, confections and baked goods, groceries and snacks, preservation, fat-and-oil products, dairy products, tea and coffee, and drinks.

Design & Décor, St. Petersburg:

09 - 11 September 2015, St. Petersburg, Expoforum CEC- designdecor-expo.ru/en-GB :The international interiors exhibition Design&Decor St Petersburg is an effective business platform for the promotion of products and services on the interiors market of the North-West of Russia.