



## High Commission of India, Kingston Economic Newsletter, March 2017

### Foreign Institutional Investors (FII) investments into India hit a record high of \$6.37 billion in March 2017.

Foreign institutional investors (FIIs) have pumped a massive \$3.6 billion (Rs. 23,435 crore) into the stock markets on a net basis in March, the highest in a month since February 2013. Net investments touched \$6.37 billion (Rs 41,442 crore) on an aggregate basis (debt and equity) in March (till 28th), the highest ever for a month. The increase in FII investments has propelled key stock indices close to their life-time highs in March 2015. FIIs have pumped nearly \$5 billion (Rs 32,160 crore) into Indian stocks and about \$8.3 billion (Rs 53,808 crore) on an aggregate basis so far in 2017. Net investments made by FIIs in stocks in March alone is higher than those made in the entire of 2016. FIIs have bought more shares in value terms in all but one trading session during the month.

### India becomes net exporter of power.

India became net exporter of electricity in the current financial year, reinforcing the turnaround story in the country's power

sector but also underlining the demand slack in the changing narrative. India started cross-border trade in electricity since the mid-80s, essentially with importing power from hydel projects built in Bhutan and supplying small quantities to Nepal as part of government-to-government deals. Since then, the country has established a mesh of cross-border interlinks for supplying to Nepal and Bangladesh. On an average, India has been importing 5,000-5,500 MWs from Bhutan, while exporting 190 MW to Nepal over 12 cross-border lines from Bihar and UP and 600 MW to Bangladesh through two interconnects from Bengal and Tripura. As a result of rising cross-border wheeling capacity, export to Nepal and Bangladesh have showed an increase of 2.5 and 2.8 times, respectively, in the last three years.

### Africa wants Indian cos to invest in power, infrastructure.

African Development Bank (AfDB) would like to accelerate engagement with Indian government in terms of doing business in Africa, AfDB President

Akinwumi Adesina said during his first official visit to India. Rapid urbanization and rapid growth of middle class will lead consumption demand, which is going to make Africa the place to be. The most important area for investment is power. Electricity, infrastructure and agriculture are other key areas," he told reporters on sidelines of Exim Bank (India) interactive session with a visiting African delegation. Almost 645 million people in Africa need to have access to electricity, suggesting huge business opportunity to investors from India, Adesina said. for African continent, India is the fifth largest in terms of foreign direct investment.

### **Walmart ready to start outlets to sell Made in-India products online:**

India CEO Walmart Stores Inc, the world's biggest retailer by sales, would consider opening physical outlets and selling products online if New Delhi allowed overseas supermarkets that directly sold Made-in-India products to consumers. Imports don't make sense for supermarkets such as the Bentonville, Arkansas-based giant, as high customs duties raise prices, negating the sourcing efficiency that makes Walmart among the cheapest global retailers. Walmart India is already a partner in the government's Make-in-India initiative, which seeks to establish the South Asian nation as a manufacturing hub. Walmart currently operates 21 of its Best Price branded wholesale chain in the country. The retailing giant had bought the 50% share from Bharti Enterprises in the cash-and-carry joint venture after the alliance ended in October 2013.

### **India's GDP growth to pick up again to 7.6 pc next year: Development Bank of Singapore.**

India's GDP growth is expected to pick up again to 7.6 per cent next year thanks to improving consumption, timely rains, higher public sector spending, and better export growth, says a DBS (Development Bank of Singapore) report. According to the global financial services major, the ongoing reforms will strengthen the productivity part of growth and the country's GDP will benefit from India's favorable working age population growth. The report said the benefits of structural reforms will, accrue more in the medium-term rather than in the short-term. Citing examples, it said the Goods and Services Tax to be rolled out in July 2017 is a significant reform with long-term benefits despite the brief drag on growth after its launch.

### **Volkswagen, Tata Motors plan joint production in India**

German carmaker Volkswagen had signed a memorandum of understanding to explore a partnership with India's Tata Motors to jointly develop auto components and vehicles for the Indian subcontinent and beyond. The tie-up would be mutually beneficial as the engine offerings of both companies complement each other and would help the alliance match up to competition. For Volkswagen, the tie-up would provide an opportunity to make more headway into India, which analysts say is expected to become the world's third largest auto market behind the United States and leader China by 2020.

## **PayPal eyes growth in India's booming travel and tourism sector**

Electronic payments giant PayPal is making a push to capitalize on India's increasing online payments boom with big ticket expansions in the tourism and travel sector. It has announced tie-ups with marketplaces for hotel, holiday and ticket booking service providers that it expects would make it easier not just foreign travelers but also Indians. PayPal has announced merchant partnerships

with MakeMyTrip and Vista Rooms. This may be expected to give the global player a foothold in India's impressive travel and tourism sector. Hotel, holiday and airline service providers will be able use the platform to automatically send invoices to customers by an email, along with a link that can be followed to complete payment through PayPal.

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