

Economic Diplomacy Division Ministry of External Affairs

Weekly Newsletter
11th to 17th March

Insights

Last week, Prime Minister Narendra Modi laid the foundation stone for India's first pure-play commercial semiconductor chip manufacturing foundry by the Tata Group at Gujarat. He also laid the foundation stone for two outsourced semiconductor and assembly testing (OSAT) units at Sanand in Gujarat and Jagiroad in Assam.

This is a defining moment in the evolution of India's digital economy and the expansion of technology capabilities and the surrounding ecosystem, which includes research institutions, educational centres, and specialised companies crucial for long-term growth.

Over the past few years, India has taken significant steps to bolster its semiconductor industry by entering into agreements with international consortia such as IGSS Ventures, ISMC, and Vedanta Foxconn. These moves mark a pivotal move towards establishing semiconductor fabrication plants or units within the country. To further incentivise and facilitate this endeavour, the government has committed to providing substantial fiscal support, covering up to 50% of the project costs.

India's foray into semiconductor manufacturing holds significant promise for various sectors, including automotive, telecom, and medical devices. This ambitious vision aims to boost electronics manufacturing and employment and insulate India from global supply shocks, marking a pivotal step towards technological self-reliance.

"Two years ago, we declared a Semiconductor Mission and announced that we would take initiatives. Within a few months, we signed MoUs and today we are laying the foundation stones for three projects." - **PM Modi in a statement**

National

Fitch revises India FY24, FY25 GDP forecast upwards, expects economy to continue 'strong expansion'

Fitch Ratings revised India's GDP growth forecast upwards for FY24 to 7.8% and for FY25 to 7.0%, citing strong economic expansion driven by domestic demand, particularly investment. Meanwhile, it downgraded China's 2024 forecast to 4.5%.

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Day not far when India becomes global semiconductor hub: PM Modi

The three chip manufacturing and assembly facilities will help make India a global semiconductor hub and raise the country's profile in the global semiconductor value chain, Prime Minister Narendra Modi said.

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PM Modi inaugurates and lays foundation stone for 112 National Highway Projects worth INR 1 lakh crore

The 19-km-long Haryana section of the 8-lane Dwarka Expressway has been built at around INR 4,100 crore. It includes two packages of 10.2 km Delhi-Haryana Border to Basai Rail-over-Bridge and 8.7 km long Basai ROB to Kherki Daula.

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Domestic passenger vehicle sales rise 11% in February: SIAM

In February, passenger vehicle wholesales in India increased by 11% year-on-year, with total dispatches reaching 3,70,786 units. Sports utility vehicles continued to drive demand, contributing to the highest-ever February sales for passenger vehicles.

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Bilateral

Trade deficit widens to \$18.7 billion in February; imports, exports rise 12.2%, 11.9% YoY

In February, India's trade deficit expanded to US\$ 18.71 billion, rebounding from a nine-month low in the previous month. Merchandise imports surged 12.2% year-on-year to \$60.11 billion, while exports rose 11.9% to US\$ 41.4 billion.

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Majority of issues in India-UK FTA towards resolution, says commerce ministry

Commerce Secretary Sunil Barthwal stated that India-UK FTA negotiations are aimed at enhancing economic ties. Talks cover 26 chapters, including intellectual property rights, with bilateral trade data increasing to US\$ 20.36 billion.

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India's oilmeals export up 9% to nearly 5.16 lakh tonne in Feb on higher soyameal shipments

Solvent Extraction of India (SEA) said the export of oilmeals in February stood at 515,704 tonne. Of the total oilmeals export last month, the shipments of soyabean meal stood at 3,47,905 tonne and rapeseed meal at 1,44,372 tonne.

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'Tough negotiator': Swiss official on India after trade deal with European bloc

After India signed a free trade agreement with the European FTA, Helena Budliger Artiega, Swiss State Secretary for Economic Affairs, called India a "tough negotiator" and said the deal is a testament to its strategic negotiation prowess.

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Multilateral

Bangladesh, Sri Lanka, number of other countries want to start rupee trade with India: Piyush Goyal

Many developed and developing countries, including Bangladesh, Sri Lanka, and nations of the Gulf region are keen to start trade in rupee with India as it would help cut business transaction costs, Piyush Goyal said..

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India seriously considering FTA with Eurasian Economic Union: Belarus Foreign Minister

India is "seriously considering" starting talks for a free trade agreement with the Eurasian Economic Union (EAEU), the Foreign Minister of Belarus Sergei Aleinik declared during his two-day visit to India.

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India's diesel exports to Europe see nearly three-fold jump in February

Diesel exports to Europe quadrupled in February as enhanced margins on the fuel lured more Indian cargoes into the continent. Indian refiners exported 204,000 barrels per day to Europe in February.

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India secures 9th place in global trade breadth ranking: Global Connectedness Report

As the world's fastest-growing major economy, India stands poised to play an increasingly central role in the development of globalisation over the coming decades, the report says.

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Editorial

Forecasts for oil demand growth in India: Hope or reality?

India was the third-largest oil consumer after the United States (US) and China in 2022, and its total consumption was about a third of the US's and half the consumption of China's. In the US, oil consumption per person was 20 barrels in 2022 compared to 3.6 barrels in China and 1.3 in India. Forecasts suggest that India will take China's place as the main driver of oil demand growth in the coming decade. Given that China's oil demand in 2022 was 14.2 million barrels per day (mbpd) compared to India's 5.1 mbpd, oil demand growth in India will not have the same impact as that of China, even though headlines say so. Expectations of high economic growth rates, industrialisation, and a rising middle class are the key drivers behind the projections for oil demand in India.

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